

The Mining Journal

ANALYSIS OF RAND AND O.F.S. QUARTERLIES

“So Little Done, So Much To Do”

— CECIL RHODES

WITH the technical performance of the South African gold industry proceeding on a course of mounting achievement, the issues of crucial importance for the Kaffir market continue to be, first, the future direction of South African racial policies and, second, whether a new administration in Washington will bring with it a different approach to the problem of the gold price or alternatively, whether, in any event, economic pressures on the dollar will result inescapably in a rise in the gold price.

Both these matters are of such paramount importance that we make no apology for once again focussing our attention primarily upon them rather than on the many other problems of more exclusive concern to the gold mining industry, which under normal conditions it should be the prime function of this *Supplement* to examine.

Of these two main issues, that of how Dr. Verwoerd's government proposes to grapple with the racial problem in a post-referendum climate is, and seems likely to remain, pre-eminent. Even if a rise in the gold price did occur, its market importance would be transitory as, although the general level at which share prices would settle down after such a rise would of course be substantially higher than now, the stimulus of a higher gold price would probably have worked its way through the mining industry and the Kaffir market inside of a year or so, leaving the longer term outlook once again dependent on the future pattern of living which the Union is beginning to shape for itself.

Moreover it is not unlikely that the greater prosperity which a higher gold price would bring to the Union, might if it came at this precise moment, have the unfortunate consequence of devitalising the influence of recent events on the changing climate of South African opinion on racial matters.

With, on the one hand, the pace of African advancement accelerating to the north of the Zambesi while, on the other, the Union's exchange reserves and, in foreign eyes, its rating as an investment risk continue to deteriorate, this is no moment for glossing over the state of foreign sentiment towards the Union in the face of Dr. Verwoerd's public reaffirmation, as recently as two months ago, of his government's intention to persist with its policy of complete racial separation.

In what follows it is not our purpose to attack South African racial policies to which the great majority of public opinion, as well as the government, is in

any case firmly committed, even though in all honesty we admit to having our own deep misgivings as to the feasibility of these policies. We aim merely to set out, for the guidance of investors, first what we understand is meant in South Africa today by a policy of apartheid and then to suggest the conditions under which there seems to us to be any reasonable hope of this policy winning support among the countries of the Free World—and in the process taking most of what the foreign observer today regards as the political risk out of investment in the Union.

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South African Racial Policies Seen from Abroad

First, however, let us clear away a popular South African misconception about the motives of Western countries in criticising South African racial policies. This is that the overt condemnation, or tacit disapproval, by Western governments and financial interests of present South African racial policies stems primarily from moral indignation based on misapprehension of the true significance of apartheid or of the circumstances which have given rise to it. This simply is not so. Partition, as a political solution to otherwise insoluble situations, is nothing new to Western diplomacy. It is a solution of last resort but, given that the basis of partition is just and practical, it is a possible solution.

It is perfectly true that a great many private individuals in the Western democracies do react emotionally to the South African problem, and are still unaware of the tremendous economic and social problems created by the widely different living standards and social customs of the black majority and the white minority, just as they are unaware of the degree of economic advancement which the Nationalist government has enabled the urban Bantu to achieve in the past decade.

However, when it comes to the harsh realities of international politics and finance, disapproval of South African racial policies is based, not on any misplaced emotional reaction to a misunderstood situation, but quite simply on the belief that apartheid in the form in which it has so far manifested itself won't work, or alternatively, on the most favourable view of its present dynamic, that it won't work quickly enough in the prevailing climate of emergent African nationalism.

This is not to say that African nationalism is accepted as necessarily good, either in character or in pace, but simply as inevitable. Moreover, given its inevitability, the West cannot afford to allow the political forces, which this nationalism will generate, to be turned away into the Communist camp, either by neglect or affront.

What Apartheid Means Today

Part of the lack of sympathy in the West for South African racial policies arises from the impression created in the earlier years of apartheid that this policy meant quite simply segregation and exploitation of the black man by the white. In fact, among white South Africans today, or more exactly among those in a position to formulate policy and influence opinion, apartheid now means a positive policy of partition with separate economic and political advancement for the African within his territory together with a new deal for the urban African who remains in the white African state.

It must, however, be emphasised that there is, as yet, no popular realization outside the Union that this is the policy to which the government is now committed, nor, in those responsible and informed quarters where this is realized, it is felt that government actions and political attitudes inside the Union are becoming adapted to this new policy in a realistic manner. The suspicion, which above all South Africa must prove

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to be ill-founded, is that apartheid is not seriously intended as a positive solution to a political *impasse* but is merely an attempt to make Baaskap sound more respectable.

Commonwealth governments, and those of other friendly countries, may or may not feel that the best hope of solving South Africa's racial problem lies in the gradual integration of the African within the framework of a multi-racial society, but we can none of us object in principle to the alternative solution of partition, if only because the European, Coloured and Asiatic minorities in the Union are together so much larger than in other African countries. We have however every justification for disliking this alternative solution if it is not adopted with sufficient boldness, urgency and personal sacrifice to ensure its success at a speed bearing some relation to the needs of the wider African political problem.

Can It Win the Support of the West ?

The new political pattern throughout Africa is crystalizing fast and the real intentions of the West are already beginning to be judged by the emergent African states on actions rather than promises. Thus for the West to do anything which might seem to endorse the *status quo* in South Africa could do incalculable harm to its relations with the Afro-Asian bloc.

It would however be conceivably possible for the West to endorse, and even actively to assist in financing, a programme aimed at the creation of one or more independent Bantu states, provided it was clear beyond a doubt that the underlying intention was no longer the negative one of fencing off unwanted African labour in the reserves, but the positive one of promoting, by every possible means and at real sacrifice to the European community, both the economic growth of these territories and their political advancement to eventual independence.

It would of course also have to be demonstrable that the Africans remaining in white South Africa who might then be in a minority as against the Europeans Coloureds and Asiatics, would have the prospect of enjoying not only progressively higher living standards but also relief from the other sources of discontent which have been the causes of the majority of urban incidents before Sharpeville and since and incidentally have provided the most favourable possible climate for the development of African nationalism. Chief among these have been the methods used, at any rate until quite recently, in administering influx control and the pass laws, the incidence of job reservation, the ban on trade unions and the prohibition on property ownership.

Without attempting to examine the problem in detail it is perhaps possible to indicate in broad terms the kind of approach to the implementation of apartheid which might stand a fair chance of winning a sympathetic response overseas and indeed in some of the newly independent African states.

In the first place, the new Bantu states would have to be set up on a basis which offers the guarantee of complete political independence as soon as the Bantus are capable of running their own affairs and express a desire to do so. Secondly these states would have to be individually large and cohesive enough and sufficiently well endowed with natural resources for each one to have an economically justifiable basis for its separate existence. (One of

the troubles with the old native reserves has been that over-crowding coupled with archaic agricultural practices has rendered them quite uneconomic).

What Real Partition Would Mean

For these requirements to be met it seems to us inescapable that the South African government should scrap the existing pattern of the Bantu "homelands", as the areas reserved for African development are called, and which are so fragmented as to make any coherent political or economic entities impossible. Also, it seems inescapable that the total area of South Africa to be made over to the homelands should be greatly increased.

Aside from the fact that in a backward agrarian community a much less dense population can be supported than in an industrialized country, the cold fact is that the population of the Union (excluding S.W. Africa) is today around 15,850,000, including 10,800,000 Africans. Of these Africans, some 6,000,000 are initially expected to live in the homelands (population growth is expected to cause this figure to rise quite rapidly) and on the basis of present government plans they will apparently occupy some 20 per cent of the non-desert area of the Union, and moreover will be occupying areas which, rainfall apart, are in the main the less richly endowed with natural resources.

Apart from this land distribution appearing to be an unjust one, it is also patently unrealistic if the real government intention is to set the African up in his own self-supporting territories rather than perpetuate the reserves.

Writing from London it may perhaps seem an impertinence to suggest in detail how this problem of land distribution should be approached, but at least it can be said that a logical line of demarcation, which would leave on the one side the greater portion of the native population in the Bantu areas while on the other cause minimum inroads on existing economic interests of white South Africans, would be one which included in the homelands the Transkei (i.e., the coastal strip of the eastern Cape Province running north from East London) and the greater part of Natal and Zululand including a common frontier with Basutoland, and which then ran northwards up the coast to connect with Swaziland and continued north to take in much of the eastern and northern Transvaal.

To reduce this very large Bantu area to manageable proportions for government by politically immature people, it would most probably require to be split into three or even more separate states, possibly with corridors of white settlement in between.

Financing Partition

Given these new Bantu states, each with a population of several million and a high birth rate, the next essential is not merely that they should be established with constitutions which would point the way towards fairly rapid political maturity and independence, but also that potentially they should be economically self-supporting with the prospect of a progressively rising standard of living. This is where the shoe will really begin to pinch and where the rest of the world may be most inclined to judge the sincerity of the intentions of the Nationalists and indeed of the many supporters of apartheid outside that party.

The Tomlinson report, which visualized a far smaller territorial sacrifice to the Bantu than we have outlined here, estimated that the establishment of Bantustans would cost a minimum of £500,000,000 over the first ten years, while to establish economically viable and politically independent Bantu states would clearly cost infinitely more than this sum even without the substantial payments, which would have to be paid as compensation to existing white landowners and tenants. In contrast, government expenditure on the development of the Bantu homelands during the past four years appears to have been somewhere between £25,000,000 and £50,000,000. Thus, on the most favourable assessment it can be said that the rate of expenditure in recent years has been less than a quarter of the rate envisaged even by the Tomlinson report.

The so-called Perimeter Development Plan, whether in its earlier form of scattered industrial units bordering the homelands or in its more recent form of concentrating industrial development in two or three areas adjacent to the homelands also constitutes an obstacle to convincing the outside observer of the whole-heartedness with which the government is approaching partition. It is true that border industries would provide employment for Africans in the homelands but the benefit to the Bantu states would on this basis be the minimum one of creating a wage-earning class in a pastoral community. All the fiscal and trading benefits which would accrue if these industries were located inside the Bantu states (albeit of course initially financed and owned by South African or foreign capital) are lost under the Perimeter Development Plan. What is the point of this, if the real purpose of perimeter development is to accelerate the economic development of the homelands on a progressively self-sufficient basis ?

Foreign Aid Would Be Needed

In practice of course the very large sums of money required for such an operation could not be wholly forthcoming from South Africa and there would have to be substantial foreign investment, much of it no doubt in the form of aid funds, for which, as we pointed out at the conclusion of the leading article in our previous issue, it is not perhaps entirely fanciful to hope once the direction in which South African government policy was really moving became more apparent and more reassuring.

There is however no question but that the initial effort and the initial sacrifice will have to come from South Africa herself if she is to convince the rest of the Free World that her government means what it says and is finally committed to a policy of separate but equal opportunity for black and white.

What are the chances of this dynamic manifesting itself and, moreover, of it doing so quickly enough to stand a chance of winning support from the West and thus to be of practical political significance in the broader East-West struggle for Africa ?

Secondly, and in the interim, what are the prospects of the Union, while implementing apartheid, being able to weather, not too painfully her present balance of payments difficulties ?

On this first question of the time factor, the alarming thing about the government's apartheid policy is that it is still very much in a state of flux,

at least so far as concerns the method of its implementation. The debate among party intellectuals has, of course, been going on right through the summer, but was necessarily muted until after the Referendum. Now the fruits of this rethinking, much of it sparked off by the Sharpeville incident, are beginning to emerge and it would seem that there is a fundamental policy split not only within the Nationalist party hierarchy and in the Nationalist press, but, more recently and still more significantly, also within the Dutch Reformed Churches, which in rural areas perform a quasi-political function not unlike that of the church in many Roman Catholic countries.

Overtly the split in the Nationalist party has manifested itself primarily over the parliamentary representation of Cape Coloureds, but in fact the split goes deeper than this and affects the issues which are being raised by important elements in the Dutch Reformed Churches. In effect the argument has developed not on whether there should be partition (this is a matter upon which there is a very wide measure of agreement in the Union), nor upon how partition should be implemented, but rather upon whether and to what extent political integration of the African should be allowed to proceed in white areas. This is obviously a matter of crucial importance in that the success of apartheid depends quite as much on the nature of the new deal for the urban Bantu in white areas as it does on the setting up of the homelands as viable entities.

There is a point beyond which debate can develop into dissent rather than clarification of purpose, and it may well be that this mounting public criticism of government policy within the party and still more significantly within the churches may result in forcing the government's hand to the extent of stating its apartheid policy with much greater precision and accelerating its implementation. If it does not, there seems little hope that the temp of change will come fast enough to influence the wider African upheaval.

South Africa's Economic Outlook

Dr. Verwoerd has shown that he is himself under no illusions as to the urgency of plugging the leak in South Africa's foreign exchange reserves which are almost back to the dangerously low levels of mid-1958, having suffered a drop of over 40 per cent in the course of 1960.

This he intends to do by tightening import control and at the same time stimulating domestic manufacturing industries by encouraging the trend towards raising native wages and purchasing power. It is also his intention to help this process directly by capital expenditure on expanding transport facilities, power supplies and state industries and by budget action designed to stimulate industrial investment, probably through continuing or improving the depreciation and investment allowances granted in the last budget.

He hopes, too, that, by stepping up the tempo of industrial activity within the Union, the economic climate will appear more inviting for overseas capital to come inside the ring fence. Nevertheless, foreign capital so far remains largely unconvinced that the present political risk is worth taking. Moreover it seems likely to remain so, until it believes that the Union has embarked on workable racial policies. Here then is further cause

for urgency in clarifying and implementing the Government's programme.

Of the measures announced by Dr. Verwoerd to meet the immediate threat to the foreign exchange position, the only one which seems likely to have any immediate effect is the intensification of import restrictions, which it is thought could result in a further saving next year of £35,000,000. In addition to this, there was the announcement at the end of last year that the I.M.F. had agreed to make available to the Union foreign currency to the amount of South Africa's subscribed gold contribution to the I.M.F. (namely about £13,400,000 of which £4,500,000 was drawn at the year end).

Factors in the Balance of Payments

Whether these measures will be sufficient will depend, first on how far South African exports suffer on balance either from boycotts or from the recession which exists in North America (and which could quite conceivably develop in Europe) as against the additional earnings from gold mining in 1961, which, as in 1960, could be up — perhaps by another £15,000,000, even allowing for no gold price rise other than the present small premium.

Secondly, it must depend on how long and how rapidly the outflow of private capital from the Union is to continue. During each of the first three quarters of last year, the outflow of private capital has been running at between £25,000,000 and £30,000,000, and over the first nine months of the year it totalled £81,000,000 in all. The great bulk of this represents the withdrawal of foreign private capital from the Union, but it is significant that in the third quarter, for example, about £9,000,000 out of a total of £29,000,000 of private capital outflow was apparently of South African origin.

Part of this no doubt represents exports for approved foreign purchases or investments, and part reflects the process of South Africa buying up the shares in her own companies from foreign holders. However, considering the large amount of Cape scrip, which has in recent months become available for arbitrage dealings in London, it would appear that there has also been some hot money seeking refuge abroad.

It is thus clear that the government ban on capital exports is as yet by no means complete and indeed so long as South Africa continues to buy up her own shares at the rate at which she has been doing so for the past couple of years, this seems unavoidable. For example, net purchases by Union residents of South African securities from foreign holders is reported at £8,000,000 in the third quarter.

Gold and foreign exchange reserves fell from £157,300,000 at the end of January 1960 to £96,500,000 at the end of September and had fallen further to £84,000,000 by the end of November. However, December has shown a better picture with the reserves up to £91,000,000 by the end of the year, and, despite the I.M.F. drawing, there is little doubt that the rate of repatriation of South African shareholdings has slowed in the fourth quarter.

Whether the outflow of private capital will continue seems likely, in the absence of any gold price rise, to depend largely on foreign sentiment regarding South Africa in particular and Central and Southern Africa in general, and also, in the case of U.S. citizens, on the extent

that they may elect to switch their foreign gold holdings (now to be illegal after June 1) into gold shares.

The Gold Price —

The third factor in the balance of payments position is the outlook for gold — a rise in the dollar price of which would in the short term have the probable effect of reversing the outflow of private capital, even though in the longer term foreign profit-taking might well intensify the drain.

It would, of course, increase the foreign exchange value of the Union's gold production, as well as the gold industry's earnings, (and consequently their distribution by way of taxation and dividends), but only to the extent that any devaluation of the dollar triggered off compensatory devaluations of other currencies in general and sterling in particular, or to the extent that there was an agreed rise in the price of gold in relation to all currencies as provided for by the Bretton Woods agreement. The importance of higher profits from gold mining relates, however, less to exchange reserves than to the great effect it would have on easing South Africa's urgent need for new capital, both for industrial development and for establishing the African homelands.

— And the Case for Raising It

What in fact are the chances of a gold price rise? To most thinking people, outside perhaps of the United States, the arguments for a higher price seem overwhelming. Quite aside from the fact that U.S. holdings at the end of last year were down to \$17,837,000,000 (a decrease of \$1,619,000,000 on the year), they can see clearly the world-wide lack of liquidity in relation even to the present volume of world trade.

Today, the ratio of monetary gold stocks to the value of world trade is now only about 30 per cent of the pre-war level and, even if we include foreign exchange holdings of all kinds, the value is still only just over 50 per cent. As Sir Roy Harrod pointed out in a recent article in *The Director*, the shortage of gold has until now partly been offset by an expansion in foreign exchange holdings, the main components of which have been drawing rights on the I.M.F., together with sterling and dollar balances.

The I.M.F. had to call for expanded contributions from member countries quite recently, and neither the British nor the Americans are in any position to allow their own sterling and dollar balances in foreign hands to increase further without a corresponding increase in their gold backing. There is thus little prospect of foreign exchange holdings, other perhaps than of the Deutschmark, supplying any additional support to gold stocks, which in the Free World are only being added to by about 34,000,000 ounces of new gold (\$1,200,000,000) per year, plus net Russian exports.

The strangulating influence of what is now a static volume of gold and foreign exchange holdings is bound to have a retarding effect on trade expansion precisely in a period when it is most needed, not only from the point of view of re-stimulating the economics of many of the Western industrialized countries, but still more in providing the huge capital sums for the development, within the orbit of the Free World, of the politically un-

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FINANCIAL RESULTS

(Cumulative and comparative "this" financial year to December 31, 1960 with "last.")

GROUP	COMPANY	ORDINARY SHARES IN ISSUE	Months since year end	PROFIT AND LOSS RESULTS £(000)								Current financial year's capital expenditure (£ Gold)	EARNINGS, DIVIDENDS & YIELD						
				Working Profit		Uranium Profit After Loan Repayment		Taxation and/or Mining Lease		Net Profit After Tax			Earned in current year to date	Paid					
														1959		1960		Yield on Share Price 20/1/61	
				This	Last	This	Last	This	Last	This	Last			s. d.	s. d.	s. d.	s. d.		(0/0)
Gold Fields	Doornfontein	9,828,000 (10/-)	6	1376.6	1137.7	69.2	67.2	180.0	—	1265.8	1205.6	555.0	2 7	1 6	1 6	1 6	1 4.8	9.7	
	Libanon	7,937,300 (10/-)	6	419.8	370.0	—	—	—	—	419.8	372.6	299.4	1 1	3 1/2	3 1/2	4 1/2	4.8	4.5	
	Luipaards Vlei	4,969,105 (2/-)	6	30.8	32.0	361.0	381.0	191.5	237.0	200.3	235.8	Cr. 5.8	10	1 0	1 0	1 0	1 0	22.9	
	Rietfontein C.	1,122,252 (3d.)	12	59.1	91.2	—	—	1.0	37.5	58.1	55.0	2.6	1 0	10* 1 2*	6*	7.2*	0.0		
	Robinson	2,000,000 (5/6)	12	22.4	1114.2	—	—	—	—	22.4	184.8	Cr. 67.1	—	—	—	—	—	0.0	
	Simmer	6,750,000 (1/6)	12	L38.6	L58.9	—	—	—	—	L38.6	L28.1	Cr. 4.2	—	6*	—	—	—	0.0	
	Sub Nigel	1,771,875 (3d.)	6	92.8	119.9	—	—	2.8	50.4	90.0	83.3	—	1 0	1 6*	1 3*	1 3*	1 3*	0.0	
	Venterspost	4,900,000 (10/-)	6	468.3	364.9	—	—	110.9	105.1	357.4	269.9	150.8	1 6	10 1/2	10 1/2	1 0	1 0	8.5	
	Vlakfontein	6,000,000 (10/-)	12	1059.4	1033.9	—	—	499.5	494.1	559.9	543.5	2.7	1 10	11 1 0	11 1 0	11 1.2	11.4		
	Vogels	5,028,571 (3d.)	12	242.7	397.1	356.0	347.0	281.6	350.0	317.1	401.9	4.1	1 3	11*	10*	8*	8.4*	0.0	
W. Drie	14,082,160 (10/-)	6	6533.4	4802.2	142.8	148.8	3285.6	2326.6	3390.6	2625.9	1323.4	4 10	4 3	4 9	2 7 1/2	10.8	5.4		
Anglo American	Brakpan	4,600,000 (3d.)	12	163.6	140.0	—	—	21.4	12.0	142.2	130.2	Cr. 11.4	7	4 1/2*	6*	4 1/2*	6*	0.0	
	Dagga	7,000,000 (5/-)	12	2709.0	2809.0	1127.1	1103.0	2457.7	2447.0	1378.4	1471.8	Cr. 12.5	3 11	2 3	2 3	2 0	2 0	16.7	
	East Dagga	3,730,000 (10/-)	12	501.5	414.4	—	—	204.8	161.0	296.7	255.4	6.0	1 7	7 1/2	7 1/2	7 1/2	9	12.2	
	F.S. Geduld	10,000,000 (5/-)	3	2010.8	1904.2	—	—	—	—	2010.8	1904.2	306.2	4 0	3 6	4 6	3 6	5 0	6.9	
	P. Brand	14,040,000 (5/-)	3	2475.2	2529.0	81.2	91.3	1268.2	1224.0	1288.2	1396.3	366.5	1 10	2 6	3 0	2 6	3 0	8.3	
	P. Steyn	14,040,000 (5/-)	3	519.1	577.9	115.3	110.0	—	—	634.4	687.9	450.2	11	1 3	1 3	1 0	1 0	9.4	
	S.A. Lands	2,475,000 (3/6)	12	561.4	664.9	—	—	8.8	12.0	552.6	655.0	735.2	4 6	1 3	6	6	6	5.1	
	Springs	10,110,000 (3d.)	12	171.6	157.6	—	—	44.5	15.0	127.1	144.6	Cr. 15.7	3	—	6*	—	6*	0.0	
	Vaal Reefs	10,500,000 (5/-)	12	2880.0	2597.0	1417.7	1438.9	—	—	4297.7	4040.3	2398.8	8 2	1 6	2 0	1 6	2 0	7.6	
	Welkom	12,250,000 (5/-)	3	229.7	229.5	110.4	106.7	—	—	340.1	336.2	48.6	7 3	3	3	3	4 1/2	3.1	
W. Holdings	7,496,376 (5/-)	3	2728.7	2174.0	—	—	1502.5	1124.0	1226.2	1050.0	410.3	3 3	3 6	5 0	4 0	5 6	6.0		
W. Reefs	7,000,000 (5/-)	12	1555.8	1281.5	1258.0	1241.4	1562.1	1443.0	1251.7	1083.6	509.0	3 7	1 3	1 3	1 3	1 3	8.0		
Central Mining	Blyvoor	24,000,000 (2/6)	6	3977.9	3828.6	646.4	607.8	2583.0	2606.2	2141.0	2081.5	685.3	1 9	1 1	1 2	1 3	1 4	8.2	
	City Deep	2,026,832 (£1)	12	61.2	105.0	—	—	1.3	13.0	134.3	174.5	28.3	1 4	7 1/2	7 1/2	7 1/2	8.4	5.8	
	Cons. M.R.	1,247,602 (£1)	6	23.0	44.7	—	—	5.0	4.4	51.0	90.2	—	10	1 6	1 3	1 6	1 6	19.4	
	Crown	1,886,125 (10/-)	12	70.1	168.3	—	—	32.0	19.6	182.8	290.9	Cr. 62.2	1 11	1 9	2 0	2 0	2 0	13.7	
	Durban Deep	2,325,000 (10/-)	12	600.2	636.4	—	—	83.4	101.8	578.1	615.2	192.0	5 0	1 6	1 6	1 6	1 6	8.1	
	E. Rand Prop	3,960,000 (10/-)	12	979.0	1388.5	—	—	7.1	86.5	983.5	1465.9	1540.6	5 0	1 9	1 9	1 9	1 6	7.9	
	Harmony	18,000,000 (5/-)	6	1904.2	1499.1	1272.9	929.4	—	—	3154.1	2376.3	820.3	3 6	1 1 1/2	1 3	1 3	1 4 1/2	8.3	
	Modder E.	930,805 (£1)	6	2.2	14.5	—	—	Cr. 0.2	3.6	16.0	29.9	—	4	6	6	6	6	7.7	
	Rose Deep	700,000 (3d.)	12	14.3	0.6	—	—	3.0	6.7	47.3	46.6	Cr. 3.1	1 4	3 0*	—	3 3*	1 0	14.8	
	Transvaal G.M.E.	952,500 (3d.)	12	18.4	21.5	—	—	—	—	8.6	12.9	30.5	2 1	0	—	—	—	—	
J.C.I.	E. Champ d'Or	2,079,000 (2/6)	12	79.4	82.6	(a)	(a)	29.5	34.9	52.8	54.6	3.6	6	3	3	3	3	20.0	
	Freddies Cons.	16,359,913 (£1)	12	L449.5	L448.3	(a)	(a)	—	—	L101.6	L80.0	7.2	—	—	—	—	—	0.0	
	Govt. G.M.A.	5,600,000 (3d.)	12	8.2	32.3	—	—	53.8	47.9	230.8	252.1	—	10	6*	9*	6*	3*	0.0	
	Randfontein	4,063,553 (£1)	12	1277.9	1382.9	(a)	(a)	596.0	590.0	681.9	792.9	80.5	3 4	1 9	2 3	1 3	1 9	12.6	
Union Corporation	E. Geduld	9,000,000 (4/-)	12	2913.0	3322.8	—	—	1531.3	1763.1	1511.4	1681.1	—	3 4	1 9	1 11	1 8	1 10	16.5	
	Geduld Prop	1,460,857 (£1)	12	311.2	354.0	—	—	116.6	139.4	874.5	898.1	—	12	0 4	9 5	0 3	4 3	11.6	
	Grootvlei	11,438,816 (5/-)	12	2825.8	2792.9	—	—	1442.6	1431.9	1436.2	1409.6	—	2 6	1 1	1 5	1 1	1 5	10.8	
	Marievale	4,500,000 (10/-)	12	1524.1	1372.1	—	—	734.2	640.3	809.3	743.6	—	3 7	1 4	1 7	1 6	1 11	11.7	
	St. Helena	9,625,000 (10/-)	12	4313.4	3126.9	—	—	54.3	—	4249.1	3098.0	628.9	8 10	1 3	1 9	2 3	2 9	6.2	
	Van Dyk	5,532,000 (3d.)	12	101.4	321.8	—	—	16.4	—	109.6	340.6	—	5	1 3*	—	1 6*	—	0.0	
	Winkelhaak	12,000,000 (10/-)	12	1754.1	587.2	—	—	—	—	1709.1	506.7	481.3	2 11	—	—	—	4	1.2	
General Mining	Buffelsfontein	11,000,000 (10/-)	6	2000.9	1745.8	992.4	988.2	—	—	2993.3	2734.0	1569.6	5 5	1 6	1 9	1 10 1/2	1 9	8.0	
	Ellaton	787,500 (5/-)	6	138.6	165.6	89.0	95.0	—	—	227.6	260.6	Cr. 0.5	5 9	—	—	—	—	—	
	Stilfontein	13,062,920 (5/-)	12	4768.3	4901.6	654.8	640.1	1772.7	305.0	3650.4	5245.0	2206.4	5 7	1 10 1/2	1 7 1/2	1 6	1 6	8.1	
	S. Roodepoort	1,420,662 (10/-)	6	141.5	134.7	—	—	58.0	55.0	86.9	86.2	3.0	1 3	1 1 1/2	1 1 1/2	1 1 1/2	1 1 1/2	—	
	W. Rand Cons	4,250,000 (10/-)	12	2289.1	2570.4	(a)	(a)	1116.0	1163.0	1260.4	1284.1	15.0	5 11	2 0	2 3	2 0	2 3	20.2	
Anglo-T'vaal	Marbeest	9,000,000 (10/-)	6	1901.0	1817.8	1273.2	1398.8	1085.0	1230.0	2149.2	2036.6	1321.8	4 9	3 6	3 0	3 0	2 6	10.2	
	Loraine	15,363,345 (10/-)	3	L41.9	L57.8	63.4	71.9	—	—	24.3	16.3	397.1	—	—	—	—	—	0.0	
	Rand Leases	3,600,000 (3d.)	6	27.2	130.0	—	—	4.2	4.5	41.4	143.2	53.1	3	—	1 0*	6*	6*	0.0	
	Village M.R.	6,068,457 (1/3)	6	L25.5	1.7	—	—	—	0.2	L23.9	3.5	18.6	—	—	—	—	—	—	
	Virginia	13,278,952 (5/-)	12	L154.6	118.9	1235.4	1262.3	—	—	932.3	1206.0	134.0	1 5	—	—	—	—	0.0	
Others	N. Klein	1,735,000 (£1)	12	11.1	34.1	—	—	—	—	11.1	35.6	—	—	—	—	—	—	0.0	
	Spaarwater	7,974,968 (5/-)	12	8.7	7.6	—	—	—	—	8.7	8.2	—	—	—	—	—	—	—	
	Wit Nigel	7,974,720 (2/6)	6	27.9	26.8	—	—	—	—	32.0	31.1	1.7	1	—	1 1/2	—	1 1/2	10.0	

(a) Included under working profit. (b) And deferred shares. † After deferred shares participation. * Capital Repayment.

DEVELOPMENT AND MILLING RESULTS

(Cumulative and comparative "this" financial year to December 31, 1960 with "last.")

GROUP	COMPANY	Months since year end	TOTAL ORE RESERVES			DEVELOPMENT RESULTS								MILL THROUGHPUT											
						Payability				Tonnage				Gold Recovered						Working Profit					
			Tons (000)	Value (dwt.)	Inch dwt.	Fr. Sampled (000)		%	Av. Value (ln.-dwt.)		Milled (000)		Cost per Ton		Ounces (000)		Grade (dwt.perton)		Cost per ounce		Per ton		Per oz.		
						This	Last		This	Last	This	Last	This	Last	This	Last	This	Last	This	Last	This	Last	This	Last	This
Gold Fields	D'nfontein	6	3,004	7.6	313	9.8	15.5	93	91	571	516	630	567	60/2	61/8	259.1	230.5	8.2	8.1	146/3	151/8	43/8	40/2	106/3	98/9
	Libanon	6	2,572	5.0	246	19.2	9.1	75	71	309	337	700	663	48/6	47/8	167.7	155.7	4.8	4.7	202/6	202/10	12/-	11/2	50/1	47/6
	Luipaards Vlei	6	1,363	4.5	176	4.2	5.2	55	57	246	247	405	428	42/11	42/9	71.1	75.6	3.5	3.5	244/1	242/1	1/6	1/6	8/8	8/6
	Reitfontein C.	12	101	5.7	321	5.1	6.0	31	43	380	377	184	192	58/7	56/10	47.4	50.9	5.2	5.3	226/8	214/4	6/5	9/6	24/11	35/10
	Robinson	12	360	5.2	282	2.2	2.7	65	52	327	347	538	685	55/1	54/8	119.6	140.8	4.4	4.1	247/8	266/2	10d.	L3/4	3/9	L16/3
	Simmer	12	362	4.5	196	10.6	25.5	29	34	276	265	899	1,006	45/7	49/-	160.0	192.3	3.6	3.8	256/4	256/2	L10d.	L1/2	L4/10	L6/2
	Sub Nigel	6	536	8.0	308	7.4	11.1	21	28	386	368	397	396	53/-	53/1	90.6	93.7	4.6	4.7	232/-	224/8	4/8	6/1	20/6	25/7
	Venterspost	6	2,190	6.3	346	14.5	23.1	62	49	417	461	732	755	58/-	53/8	205.2	191.0	5.6	5.1	207/2	212/3	12/10	9/8	45/8	38/3
	Vlakfontein	12	1,698	7.9	327	32.9	34.3	42	42	365	383	617	610	56/2	55/8	222.3	218.6	7.2	7.2	156/-	155/2	34/4	33/11	95/4	94/7
	Vogels	12	1,379	4.8	201	32.4	30.0	26	29	300	251	1,020	1,091	49/4	48/6	218.7	242.7	4.3	4.4	230/2	217/10	4/9	7/3	22/2	32/9
W. Drie	6	3,319	15.7	661	8.9	10.8	87	90	651	795	780	625	68/6	75/8	728.5	571.9	18.7	18.3	73/4	82/8	167/6	153/8	179/4	167/11	
Anglo American	Brakpan	12	1,340	4.9	274	18.6	16.7	18	19	683	841	1,720	1,672	28/7	28/7	208.8	202.7	2.4	2.4	235/8	236/-	1/11	1/8	15/8	13/10
	Dagga	12	7,576	5.1	222	29.0	25.7	42	42	397	350	2,743	2,850	31/1	30/8	554.7	573.9	4.0	4.0	153/8	152/4	19/9	19/9	97/8	97/11
	East Dagga	12	4,733	4.6	169	18.3	21.0	27	30	313	347	1,270	1,210	34/10	35/-	215.9	202.8	3.4	3.4	204/10	208/6	7/11	6/10	46/5	40/10
	F.S. Geduld	3	3,023	21.4	939	2.7	2.4	94	95	1,297	1,154	283	280	78/2	77/1	245.4	238.6	17.3	17.0	90/4	90/7	141/10	135/9	163/10	159/7
	P. Brand	3	4,174	18.0	972	2.4	2.3	81	86	705	970	352	347	62/1	60/5	280.7	285.8	16.0	16.5	77/11	73/4	140/8	145/9	176/4	177/-
	P. Steyn	3	5,177	8.0	367	2.4	4.1	93	80	391	414	318	307	62/5	61/5	118.6	121.7	7.5	7.9	167/5	155/1	32/8	37/8	187/6	95/-
	S.A. Lands	12	3,344	6.1	273	32.4	24.6	36	37	478	448	1,174	1,152	42/7	40/7	243.9	240.6	4.2	4.2	205/1	194/4	9/7	11/7	46/-	55/3
	Springs	12	615	4.0	173	17.9	11.2	30	32	364	388	1,194	1,247	31/11	31/8	165.5	170.9	2.8	2.7	230/4	231/4	2/11	2/6	20/9	18/5
	Vaal Reefs	12	3,325	9.9	394	32.0	32.9	78	82	647	577	1,194	1,088	65/11	64/11	542.4	490.9	9.1	9.0	145/1	143/11	48/3	47/9	106/2	105/10
	Welkom	3	4,158	7.6	322	5.0	3.6	34	83	485	469	294	291	65/3	63/6	93.6	92.1	6.4	6.3	204/11	200/6	15/7	15/9	49/1	49/10
W. Holdings	3	5,180	16.8	786	4.2	4.5	87	86	1,204	1,045	467	414	56/-	57/9	317.8	269.3	13.6	13.0	82/4	88/9	116/10	105/-	171/9	161/5	
W. Reefs	12	6,060	6.6	326	38.6	48.5	60	54	614	607	1,664	1,584	52/6	49/10	471.5	418.0	5.7	5.3	185/4	188/9	18/9	16/2	66/-	61/4	
Central Mining	Blyvoor	6	6,103	14.0	602	7.2	8.1	83	73	595	519	802	770	64/8	64/9	520.6	504.9	13.0	13.1	99/8	98/8	99/2	99/5	152/10	151/8
	City Deep	12	3,151	5.9	236	15.5	19.8	35	34	375	330	1,377	1,353	50/7	50/7	281.8	282.2	4.1	4.2	247/1	242/5	11d.	1/7	4/4	7/5
	Cons. M.R.	6	410	7.5	297	0.9	4.7	27	11	414	392	319	560	51/8	45/7	67.2	105.6	4.2	3.8	245/3	241/10	1/5	1/7	6/10	8/6
	Crown	12	4,342	5.2	238	27.7	20.0	25	22	334	314	2,363	2,626	42/4	38/8	403.6	419.8	3.4	3.2	248/-	241/11	7d.	1/3	3/6	8/-
	Durban Deep	12	7,794	4.1	235	48.6	44.6	55	54	346	329	2,299	2,296	40/10	40/7	420.6	423.6	3.7	3.7	223/-	220/2	5/3	5/7	28/6	30/1
	E. Rand Prop	12	5,451	5.9	293	14.4	12.5	33	38	453	434	2,662	2,625	53/3	54/7	642.1	684.7	4.8	5.2	220/10	209/5	7/4	10/7	30/6	40/7
	Harmony	6	5,030	8.5	433	4.8	8.2	92	68	526	479	1,005	843	64/2	63/11	406.2	334.8	8.1	7.9	158/9	160/11	37/11	35/7	93/9	89/7
	Modder E.	6	408	3.9	158	0.8	2.2	38	32	265	169	694	818	25/3	24/2	69.4	80.2	2.0	2.0	252/4	246/10	1d.	4d.	8d.	3/7
Rose Deep	12	132	6.8	303	—	—	—	—	—	—	293	434	43/3	35/7	51.5	61.7	3.5	2.8	246/-	250/7	1/-	3d.	5/7	1/11	
T'vaal G.M.E.	12	102	12.5	—	4.6	5.6	17	32	403	311	83	84	77/-	69/9	23.0	22.9	5.5	5.5	277/6	255/11	4/5	5/1	16/-	18/9	
J.C.L.	E. Ch'p d'Or	12	84	0.8	23	7.1	7.1	31	30	40	36	147	144	52/4	51/10	3.8	3.6	0.5	0.5	—	—	12/11	13/8	—	—
	Freddies	12	800	5.3	212	5.9	5.7	56	65	337	383	726	708	68/10	74/-	159.3	169.9	4.4	4.8	313/9	308/3	L12/5	L12/8	L56/5	L52/9
	Govt. G.M.A.	12	152	6.2	446	—	0.1	—	62	—	230	632	635	52/3	52/6	106.7	113.5	4.4	3.6	309/9	293/8	3d.	1/-	1/6	5/8
	Randfontein	12	100	4.9	230	1.7	0.6	67	67	351	315	260	415	47/1	39/4	49.7	72.0	3.8	3.5	—	—	2/2	4/7	—	—
Union Corporation	E. Geduld	12	6,100	5.8	313	2.8	3.2	39	47	179	174	1,564	1,653	36/2	34/6	456.8	493.9	5.8	6.0	123/10	115/4	37/3	40/2	127/6	134/7
	Geduld Prop.	12	350	3.7	211	4.4	7.0	36	46	260	391	906	879	36/9	39/3	156.5	165.8	3.5	3.8	212/11	207/11	6/10	8/1	39/9	42/8
	Grootvlei	12	11,500	4.4	216	20.6	20.5	56	56	257	300	2,625	2,555	30/8	30/9	545.2	538.3	4.2	4.2	147/10	146/1	21/6	21/10	103/8	103/9
	Marievale	12	5,500	5.1	240	15.4	19.4	40	37	298	222	1,179	1,135	35/9	37/1	288.8	278.0	4.9	4.9	145/10	151/3	25/10	24/2	105/7	98/9
	St. Helena	12	5,000	8.0	448	28.8	21.8	57	58	703	767	2,004	1,810	42/11	42/7	684.9	558.4	6.8	6.2	125/7	138/-	43/1	34/7	125/11	112/-
	Van Dyk	12	225	3.9	195	6.1	10.7	49	26	270	299	885	891	38/5	39/7	143.4	166.8	3.2	3.7	237/2	211/5	2/3	7/3	14/2	38/7
Winkelhaak	12	2,700	7.2	432	23.6	24.0	88	79	535	518	1,065	908	48/7	51/11	344.7	235.1	6.5	5.2	150/1	200/6	32/11	12/11	101/9	49/11	
General Mining	Buffelsfontein	6	4,275	9.3	543	12.9	9.2	92	88	658	636	883	867	58/8	55/7	363.8	331.9	8.2	7.7	142/5	145/1	45/4	40/3	110/-	105/2
	Ellaton	6	153	8.3	349	0.6	1.0	50	50	435	389	164	183	42/10	39/9	38.9	42.3	4.7	4.6	180/7	172/-	16/11	18/1	71/3	78/4
	Stillfontein	12	5,245	9.7	396	22.3	28.4	83	72	440	346	1,958	1,754	65/1	62/7	885.6	830.9	9.0	9.5	143/10	132/1	48/8	55/11	107/8	118/-
	S. Roodepoort	6	1,105	4.7	221	4.4	4.7	43	40	275	238	181	180	45/6	44/10	43.5	42.9	4.8	4.8	189/2	188/2	15/8	15/-	65/1	62/10
	W. Rand Cons.	12	4,579	3.4	166	22.4	23.7	72	65	342	293	1,583	1,639	36/6	35/1	234.1	258.3	3.0	2.0	—	—	1/4	1/8	—	—
Anglo-T'vaal	Hartebeest	6	3,048	8.9	337	26.9	17.2	83	85	426	397	727	577	65/2	65/4	338.5	295.9	9.3	10.3	139/11	127/5	52/4	63/-	112/4	122/10
	Loraine	3	1,234	6.9	313	3.0	2.9	64	58	897	590	245	240	59/8	55/6	54.2	48.5	4.4	4.0	269/6	274/1	L3/5	L4/10	L15/6	L23/10
	Rand Leases																								

UNION CORPORATION GROUP

Directors' Reports of Gold Mining Companies Incorporated in the Union of South Africa
for Quarter ended 31st December, 1960

London Office: Princes House, 95 Gresham Street, London, E.C.2

ST. HELENA GOLD MINES, LTD.

Issued Capital: £4,812,500 in shares of 10s. each

	Quarter ended 31st Dec., 1960	Quarter ended 30th Sept., 1960
OPERATIONS:		
Tons milled	528,000	524,000
Gold produced (in oz. fine)	183,492	180,844
Yield per ton milled (dwt.)	6.95	6.90
Cost per ton milled	43s. 0d.	42s. 10d.
Profit per ton milled	45s. 5d.	43s. 6d.
Working revenue	£2,334,331	£2,263,050
Working costs	1,136,052	1,122,062
Working profit	1,198,279	1,140,988
Sundry revenue/expenditure	1,584	1,639
TOTAL PROFIT	£1,199,863	£1,142,627

(Subject to taxation and Government's share)

Estimated taxation and Government's share of profit

Capital expenditure

DEVELOPMENT:

Footage driven

Footage sampled

Footage payable

Percentage payable

Average value—dwt.

Width—inches

Inch/dwt.

The following station cutting was accomplished during the quarter:—

No. 2 Shaft—90 feet.

SURFACE DIAMOND DRILLING:

Two surface boreholes were drilled during the quarter, S.H.21 sited approximately 5,500 feet east of No. 4 Shaft and P.8 sited approximately 12,500 feet south-south-east of No. 4 Shaft.

Borehole S.H.21 intersected the Leader and Basal Reefs in the original intersection and a deflection with the following results:—

Intersection	Depth feet	Value dwt.	Width ins.	Inch/dwt.	Core Recovery
Basal Reef					
Original	3,854	9.32	51.7	482	*
1st Deflection	3,847	5.04	53.0	267	*
Leader Reef					
Original	3,807	7.70	11.7	90	†
1st Deflection	3,807	6.24	13.3	83	*

The following were the results in Borehole P.8:—

Intersection	Depth feet	Value dwt.	Width ins.	Inch/dwt.	Remarks
Basal Reef					
Original	3,015	0.8	12.6	10	†
1st Deflection	3,017	4.6	7.7	32	†
2nd Deflection					Basal Reef faulted out.
Leader Reef					
Original	3,006	3.57	12.9	46	*
1st Deflection	3,008	3.70	15.4	57	*
2nd Deflection	3,006	2.65	9.8	26	‡

* Complete. † Complete, but incomplete reef due to faulting. ‡ Incomplete.

ORE RESERVE at 31st Dec., 1960:—

Tonnage

Value—dwt.

Estimated stopping width—ins.

GEDULD PROPRIETARY MINES, LTD.

Issued Capital: £1,460,857 in shares of £1 each

	Quarter ended 31st Dec., 1960	Quarter ended 30th Sept., 1960
OPERATIONS:		
Tons milled	234,000	233,000
Gold produced (in oz. fine)	39,436	38,210
Yield per ton milled (dwt.)	3.37	3.28
Cost per ton milled	34s. 11d.	35s. 5d.
Profit per ton milled	8s. 4d.	5s. 11d.
Working revenue	£506,344	£481,173
Working costs	408,940	412,537
Working profit	97,404	68,636
Sundry revenue/expenditure	*345,472	16,975
TOTAL PROFIT	£442,876	£85,611

(Subject to taxation)

Estimated taxation

Capital expenditure

DEVELOPMENT:

Footage driven

Footage sampled

Footage payable

Percentage payable

Average value—dwt.

Width—inches

Inch/dwt.

ORE RESERVE at 31st Dec., 1960:—

Tonnage

Value—dwt.

Estimated stopping width—ins.

LESLIE GOLD MINES, LTD.

Issued Capital: 16,000,000 shares of 10s. each

NO. 1A SHAFT

During the quarter the shaft was sunk 452 ft. to its final depth of 2,055 ft. In addition 977 ft. of station cutting was done and installation of the permanent equipment was commenced. It is anticipated that underground development will be initiated shortly.

NO. 1 SHAFT

This shaft was sunk 830 ft. during the quarter to a total depth of 1,602 ft. and 577 ft. of station cutting was carried out.

The reef was intersected at 1,487 ft. below the collar and sampling around the whole perimeter gave 16.5 dwt. over 13.6 ins. equivalent to 224 inch/dwt.

REDUCTION WORKS

A start was made on the erection of the reduction plant which will have an initial milling capacity of 75,000 tons per month.

GENERAL

Good progress is being maintained in the provision of surface facilities. An additional 40 drill compressor has been commissioned and work on the installation of a 200 drill rotary compressor is in progress.

The first portion of the native compound has been completed and occupied.

EXPENDITURE

Expenditure on Shafts, Plant and Equipment and General Expenditure amounted to £694,591.

EAST GEDULD MINES, LTD.

Issued Capital: £1,800,000 stock in units of 4s. each

	Quarter ended 31st Dec., 1960	Quarter ended 30th Sept., 1960
OPERATIONS:		
Tons milled	374,000	392,000
Gold produced (in oz. fine)	108,470	113,375
Yield per ton milled (dwt.)	5.80	5.78
Cost per ton milled	37s. 2d.	36s. 6d.
Profit per ton milled	36s. 9d.	35s. 11d.
Working revenue	£1,382,160	£1,418,886
Working costs	694,888	715,040
Working profit	687,272	703,846
Sundry revenue/expenditure	*57,642	15,030
TOTAL PROFIT	£744,914	£718,876

(Subject to taxation and Government's share)

Estimated taxation and Government's share of profit

Capital expenditure

DEVELOPMENT:

Footage driven

Footage sampled

Footage payable

Percentage payable

Average value—dwt.

Width—inches

Inch/dwt.

ORE RESERVE at 31st Dec., 1960:—

Tonnage

Value—dwt.

Estimated stopping width—ins.

THE GROOTVLEI PROPRIETARY MINES, LTD.

Issued Capital: £2,859,704 stock in units of 5s. each

	Quarter ended 31st Dec., 1960	Quarter ended 30th Sept., 1960
OPERATIONS:		
Tons milled	670,000	669,000
Gold produced (in oz. fine)	138,691	138,599
Yield per ton milled (dwt.)	4.14	4.14
Cost per ton milled	30s. 8d.	30s. 5d.
Profit per ton milled	22s. 4d.	21s. 5d.
Working revenue	£1,767,397	£1,733,636
Working costs	1,020,063	1,017,603
Working profit	747,334	716,033
Sundry revenue/expenditure	17,362	12,737
TOTAL PROFIT	£764,696	£728,770

WINKELHAAK MINES, LTD.

Issued Capital: £6,000,000 in shares of 10s. each

	Quarter ended 31st Dec., 1960	Quarter ended 30th Sept., 1960
OPERATIONS:		
Tons milled.....	282,000	283,000
Gold produced (in oz. fine).....	95,664	93,401
Yield per ton milled (dwt.).....	6.78	6.60
Cost per ton milled.....	47s. 8d.	47s. 5d.
Profit per ton milled.....	38s. 9d.	35s. 4d.
Working revenue.....	£1,218,797	£1,170,995
Working costs.....	672,903	671,329
Working profit.....	545,894	499,666
Sundry revenue/expenditure.....	11,223	9,856

TOTAL PROFIT	£534,671	£489,810
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(Subject to taxation and Government's share)
 Estimated taxation and Government's share of profit
 Capital expenditure.....

Nil	Nil
£191,613	£110,966
Kimberley Reef	Kimberley Reef

DEVELOPMENT

Footage driven.....	14,392	14,141
Footage sampled.....	4,505	6,160
Footage payable.....	3,685	5,590
Percentage payable.....	82	91
Average value—dwt.....	14.2	13.2
Width—inches.....	35	35
Inch/dwt.....	498	489

No. 2 SHAFT:

Pre-cementation in the shaft area continues and a second surface borehole is being drilled to help with this work. Preliminary sinking of the shaft has commenced and at the end of the quarter a depth of 45 feet had been reached. Good progress has been made with the foundations for the winding engines and the winding engine house. The change-house and shaft offices are under construction.

SURFACE DRILLING:

Another Borehole, W.S. 36, has been drilled from surface to obtain further information regarding the northern section of the mine. This borehole, sited approximately 8,000 feet N.N.W. of No. 2 Shaft, intersected the reef in the original hole and two deflections at an average depth of 4,410 feet with the following results:

Intersection	Value dwt.	Width ins.	Inch/dwt.	Core Recovery
Original.....	6.79	14.0	95	Complete
1st Deflection.....	8.84	13.8	122	Incomplete
2nd Deflection.....	8.19	13.8	113	Complete

ORE RESERVE at 31st Dec., 1960:—

Tonnage.....	2,700,000
Value—dwt.....	7.2
Estimated stoping width—inches.....	60

VAN DYK CONSOLIDATED MINES, LTD.

Issued Capital: £69,150 in shares of 3d. each

	Quarter ended 31st Dec., 1960	Quarter ended 30th Sept., 1960
OPERATIONS:		
Tons milled.....	222,000	228,000
Gold produced (in oz. fine).....	34,271	36,163
Yield per ton milled (dwt.).....	3.09	3.17
Cost per ton milled.....	37s. 3d.	37s. 9d.
Profit per ton milled.....	2s. 0d.	1s. 11d.
Working revenue.....	£435,825	£452,535
Working costs.....	413,629	430,474
Working profit.....	22,196	22,061
Sundry revenue/expenditure.....	9,460	3,282

TOTAL PROFIT	£31,656	£25,343
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(Subject to taxation and Government's share)
 Estimated taxation and Government's share of profit
 Capital expenditure.....

£1,800	£2,300
Nil	Nil

DEVELOPMENT:

	Main Reef	No. 5 Shaft Area*	Main Reef	No. 5 Shaft Area*
Footage driven.....	377	201	805	375
Footage sampled.....	450	265	850	350
Footage payable.....	295	185	535	210
Percentage payable.....	66	70	63	60
Average value—dwt.....	10.2	14.3	12.7	14.4
Width—inches.....	22	19	26	33
Inch/dwt.....	225	272	331	476

* Included in Main Reef.

ORE RESERVE at 31st Dec., 1960:—

Tonnage.....	225,000
Value—dwt.....	3.9
Estimated stoping width—inches.....	50

All development values have been discounted to conform with adjustments which are necessary in estimating the ore reserve.

MARIEVALE CONSOLIDATED MINES, LTD.

Issued Capital: £2,250,000 in shares of 10s. each

	Quarter ended 31st Dec., 1960	Quarter ended 30th Sept., 1960
OPERATIONS:		
Tons milled.....	290,000	298,000
Gold produced (in oz. fine).....	71,295	72,833
Yield per ton milled (dwt.).....	4.92	4.89
Cost per ton milled.....	35s. 9d.	35s. 5d.
Profit per ton milled.....	26s. 9d.	25s. 9d.
Working revenue.....	£906,291	£911,863
Working costs.....	518,331	527,677
Working profit.....	387,960	384,186
Sundry revenue/expenditure.....	7,023	4,524

TOTAL PROFIT	£394,983	£388,710
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(Subject to taxation and Government's share)
 Estimated taxation and Government's share of profit
 Capital expenditure.....

£172,400	£182,900
Nil	Nil

DEVELOPMENT:

	Main Reef	Kimberley Reef	Main Reef	Kimberley Reef
Footage driven.....	1,786	3,106	1,518	3,311
Footage sampled.....	1,540	2,200	1,285	2,740
Footage payable.....	450	1,040	395	1,165
Percentage payable.....	29	47	31	43
Average value—dwt.....	17.4	18.1	19.7	23.4
Width—inches.....	12	18	11	16
Inch/dwt.....	209	326	217	375

ORE RESERVE at 31st Dec., 1960:—

Tonnage.....	Main Reef	4,000,000
Value—dwt.....	Kimberley Reef	1,500,000
Estimated stoping width—inches.....	Main Reef	5.2
	Kimberley Reef	4.8
	Kimberley Reef	48

BRACKEN MINES, LTD.

Issued Capital: 14,000,000 shares of 10s. each

NO. 1A SHAFT

During the quarter the shaft was sunk 451 ft. to its final depth of 2,642 ft. In addition, 1,243 ft. of station cutting was done and installation of the permanent equipment commenced. It is anticipated that underground development will be initiated shortly.

NO. 1 SHAFT

The shaft was sunk 974 ft. to a depth of 2,188 ft. and in addition 762 ft. of station cutting has been carried out. Since the end of the quarter the reef has been intersected in the shaft at a depth of 2,363 ft. below the collar. Sampling around the whole perimeter gave 22.7 dwt. over 23 inches, equivalent to 521 inch/dwt.

REDUCTION WORKS

A start was made on the erection of the reduction plant which will have an initial milling capacity of 75,000 tons per month.

GENERAL

Good progress is being maintained in the provision of surface facilities. A fourth compressor, giving a total of 205 drills, has been commissioned and work is in progress on the installation of a 200-drill rotary compressor.

SURFACE DRILLING

Two boreholes were drilled during the quarter for structural purposes. Borehole B.S.3 sited 1,100 ft. south-west of No. 1 Shaft failed to intersect reef due to faulting in both the original intersection and the deflection.

Borehole B.S.4 sited 7,300 ft. west of Borehole B.S.3 intersected the reef at a depth of 1,699 ft. with the following results:—

Intersection	Value dwt.	Width ins.	Inch/dwt.	Core Recovery
Original.....	6.36	13.2	84	Complete, but incomplete reef due to faulting.
1st Deflection.....	8.03	12.2	98	Incomplete, and incomplete reef due to faulting.
2nd Deflection.....				Reef faulted out

EXPENDITURE

Expenditure on Shafts, Plant and Equipment and General Expenditure amounted to £446,881.

INVESTORS IN MINING

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ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT CO. LIMITED

(Incorporated in the Union of South Africa)

Operating Statistics and Vital Information extracted from the Directors' Reports for Mining Companies associated with the Group for the quarter ended 31st December, 1960, and comparative figures for previous quarter.

(All Companies mentioned are incorporated in the Union of South Africa)

HARTEBEESTFONTEIN GOLD MINING COMPANY, LIMITED.

		Quarter ended 31st Dec., 1960		Quarter ended 30th Sept., 1960	
PRODUCTION					
Gold:	Tons milled	367,000		360,000	
	Yield—ounces fine	170.781		167.698	
	—dwt. per ton milled	9.307		9.317	
Uranium:	Tons treated:				
	From current slimes	367,000		360,000	
	From surface accumulations	7,000		15,000	
	Total	374,000		375,000	
	Yield—lb. of uranium oxide	252.791		268.373	
	—lb. per ton treated	0.676		0.716	
	Uranium oxide sold—lb.	259,169		259,190	
FINANCIAL INFORMATION					
Gold:		Per ton milled		Per ton milled	
	Revenue	£2,170,781	118s. 4d.	£2,098,484	116s. 7d.
	Working costs	1,198,330	65s. 4d.	1,170,000	65s. 0d.
	Working profit	972,451	53s. 0d.	928,484	51s. 7d.
	Sundry mining revenue	30,000	1s. 8d.	30,000	1s. 8d.
	Total working profit from gold	£1,002,451	54s. 8d.	£958,484	53s. 3d.
Uranium:		Per lb. sold		Per lb. sold	
	Revenue	£988,174	76s. 3d.	£992,459	76s. 7d.
	Treatment costs	268,174	20s. 8d.	265,459	20s. 6d.
	Estimated profit from uranium oxide	£720,000	55s. 7d.	£727,000	56s. 1d.
	Total Working Profit for Quarter	£1,722,451		£1,685,484	
	Working costs (gold only) per ounce fine	140s. 4d.		139s. 6d.	
	Development expenditure per ton milled included in working costs	7s. 7d.		8s. 1d.	
NOTE: All information relating to uranium production is provisional and subject to adjustment.					
The following amounts have not been taken into consideration in calculating the working profit shown above:—					
(a)	Loans obtained for gold production:				
	—Interest	£20,580		£14,920	
	—Loan repayment	410,615		164	
(b)	Loans obtained for uranium production:				
	—Interest	£18,897		£19,561	
	—Loan repayment	68,029		67,365	
CAPITAL EXPENDITURE					
	Gold production (including £52,875 on capital and excess development)	£696,773		£625,049	
	Uranium plant	24,557		34,279	
	Total	£721,330		£659,328	

Estimated Taxation and Government's Share of Profits for the half year ended 31st December, 1960 £1,085,000

DIVIDEND

A dividend (No. 10) of 25 per cent (2. 6d. or 25 cents per share) was declared payable to shareholders registered at 31st December, 1960.

DEVELOPMENT

Footage advanced	28,172		33,447	
Sampling results of development on Vaal Reef:				
No. 1 Shaft Area:				
Footage sampled	3,105	Payable Total	2,690 3,380	Payable Total 2,905
		(86.6%)		(85.9%)
Channel width (inches)	20.6	21.0	18.3	18.3
Inch-dwt. (gold)	355	392	314	347
Inch-lb. (uranium oxide)	34.94	37.96	34.13	36.70
No. 2A and No. 3 Shaft Area:				
Footage sampled	9,120	7,460	11,355	9,130
		(81.8%)		(80.4%)
Channel width (inches)	14.7	15.1	10.6	10.9
Inch-dwt. (gold)	380	444	380	446
Inch-lb. (uranium oxide)	23.63	25.79	23.03	25.17
Total Mine:				
Footage sampled	12,225	10,150	14,735	12,035
		(83.0%)		(81.7%)
Channel width (inches)	16.2	16.7	12.3	12.7
Inch-dwt. (gold)	374	430	365	423
Inch-lb. (uranium oxide)	26.50	29.02	25.58	27.96

(The above results are based on actual sampling. No allowance has been made for adjustments necessary in the valuation of the corresponding Ore Reserve.)

SHAFT SINKING AND EQUIPPING

No. 4 Vertical Shaft:				
Footage sunk	2,840 feet		639 feet	
Depth below collar	3,639 feet		799 feet	
Concrete lining accomplished	2,840 feet		611 feet	
Depth of concrete lining below collar	3,609 feet		769 feet	

A total of 9,000 cubic feet was excavated in cable-jointing stations.

URANIUM OXIDE SALES

Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to these discussions. These agreements have not yet been concluded, but shareholders will be advised of the new arrangements as soon as possible.

GENERAL

Surface Boreholes:

The second deflection from borehole HB 25 has reached a depth of 7,483 feet and is in hanging-wall quartzites of the Vaal reef.

EASTERN TRANSVAAL CONSOLIDATED MINES, LIMITED.

	Quarter ended 31st Dec., 1960	Quarter ended 30th Sept., 1960
PRODUCTION		
Tons milled	58,600	57,700
Yield—ounces fine	17.799	18,399
—dwt. per ton milled	6.075	6.377
FINANCIAL INFORMATION		
Revenue from gold	£227,027	£231,208
Working costs	193,810	198,150
Working profit	33,217	33,058
Sundry mining revenue	9,791	9,272
Total Working Profit for Quarter	£43,008	£42,330
Capital Expenditure	£15,003	£11,071
DEVELOPMENT		
Footage advanced	9,242	9,935
SHAFT SINKING AND EQUIPPING		
New Consort Gold Mine:		
Prince Consort Shaft:		
Footage sunk	153 feet	11 feet
Depth below 33 level	438 feet	285 feet

GENERAL

Reconditioning of the old Woodbine shaft is continuing. Erection of a steel headgear, a hoist chamber and a winder is proceeding. At the old Golden Hill Mine in the Agnes area a total of 383 feet of development has been accomplished in an adit to afford access to and prospecting of the old workings of the mine.

VILLAGE MAIN REEF GOLD MINING COMPANY (1934) LIMITED.

	Quarter ended 31st Dec., 1960	Quarter ended 30th Sept., 1960
PRODUCTION		
Tons milled (including 13,630 tons from accumulated slimes)	87,500	89,500
Yield—ounces fine	12,281	13,046
—dwt. per ton milled	2.807	2.915
FINANCIAL INFORMATION		
Revenue from gold	£156,097	£163,297
Working costs	168,750	176,083
Working loss	12,653	12,786
Sundry mining revenue	900	700
Net Working Loss for Quarter	£11,753	£12,086
Working costs per ounce fine	274s. 10d.	269s. 11d.
Development expenditure per ton milled included in working costs	2s. 9d.	1s. 9d.
Capital Expenditure	£18,591	Nil
Estimated Taxation for the half-year ended 31st December, 1960	Nil	Nil
DEVELOPMENT		
Footage advanced	4,187	2,225
Reconditioning footage	2,140	4,164

GENERAL

Tributing agreement: Agreement has been reached with Robinson Deep Limited, whereby Village Main will mine above 10 Level in the Turf Section of Robinson Deep under tribute. Robinson Deep will receive a royalty calculated on the basis of one-third of the working profits earned as a result of Village Main mining in the area. Work has commenced in the area and capital expenditure is being incurred.

VIRGINIA ORANGE FREE STATE GOLD MINING COMPANY LIMITED.

PRODUCTION		Quarter ended 31st Dec., 1960	Quarter ended 30th Sept., 1960
Gold:	Tons milled	399,000	321,000
	Yield—ounces fine	85,724	67,577
	—dwt. per ton milled	4.297	4.210
Uranium:	Tons treated	429,000	321,000
	Yield—lb. of uranium oxide	161,880	130,239
	—lb. per ton treated	0.377	0.406
	Uranium oxide sold—lb.	164,890	157,990
FINANCIAL INFORMATION		Per ton milled	Per ton milled
Gold:	Revenue	£1,089,899	£846,431
	Working costs	1,108,629	1,007,872
	Working loss	18,730	161,441
	Sundry mining revenue	21,173	19,500
	Total working profit from gold	£2,443	*£141,941
		Per lb. sold	Per lb. sold
Uranium oxide:	Revenue	£702,751	£658,720
	Treatment costs	253,751	238,720
	Estimated profit from uranium oxide	£449,000	£420,000
	Estimated profit from acid	£92,166	£90,848
	Total Working Profit for Quarter	£543,609	£368,907
	Working costs (gold only) per ounce fine	258s. 8d.	298s. 3d.
	Development expenditure per ton milled included in working costs	5s. 2d.	4s. 9d.
NOTE: All information relating to uranium production is provisional and subject to adjustment.			
The following amounts have not been taken into consideration in calculating the working profit shown above:—			
(a) Debenture and Loan Stocks, Housing and other loans—Interest	£54,566	£53,468	
(b) Loans obtained for Acid and Uranium production—Interest	£38,875	£40,639	
—Loan Repayment	£180,844	£179,080	

CAPITAL EXPENDITURE		£23,581	£19,309
Gold production			
Uranium and acid plants		13,165	24,999
Total		£36,746	£44,308
Taxation and Government's share of profits for the year ended 31st December, 1960		Nil	Nil
DEVELOPMENT		16,510	14,425
Footage advanced			
This includes 3,969 feet of development advanced in the Merriespruit property.			
Sampling results of development on Basal and Leader Reefs:—			
Footage sampled	Total	Payable	Total
	7,845	2,055	4,630
		(26.2%)	(22.4%)
Channel width (inches)	28.2	29.2	35.9
Inch-dwt. (gold)	125	266	138
Inch-lb. (uranium oxide)	10.77	22.14	13.39
(The above results are based on actual sampling. No allowance has been made for adjustments necessary in the valuation of the corresponding Ore Reserve)			
ORE RESERVE			
The Ore Reserve fully developed as at 31st December, 1960, was estimated as follows:—			

	Tons	Gold dwt./ton	VALUE Uranium Oxide lb./ton	Estimated Stopping Width (inches)
Available	1,237,000	4.97	0.446	49.5
Unavailable—No. 3 Shaft and No. 1 Shaft and Safety Pillars	1,251,000	5.85	0.689	50.8
Total and Averages	2,488,000	5.42	0.568	50.1

URANIUM OXIDE SALES

Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to these discussions. These agreements have not yet been concluded, but shareholders will be advised of the new arrangements as soon as possible.

GENERAL

Insurance Claim:
The company has received an amount of £150,901 for loss of profits and standing charges and £15,764 for material damage resulting from the accident reported in the September quarter.

ZANDPAN GOLD MINING CO. LTD.

FINANCIAL INFORMATION		Quarter ended 31st Dec., 1960	Quarter ended 30th Sept., 1960
Capital Expenditure (including £126,907 Share Issue Expenses)		£583,226	£312,379
Total Capital Expenditure up to 31st December, 1960, amounted to £3,899,312 (including £256,848 Preliminary and Share Issue Expenses)			

SHAFT SINKING AND EQUIPPING

No. 1 Shaft

Footage sunk	425 feet	756 feet
Depth below collar	5,544 feet	5,119 feet
Concrete lining accomplished	425 feet	756 feet
Depth of concrete lining below collar	5,514 feet	5,089 feet
A total of 91,814 cubic feet was excavated in the cutting of a pump station, and in ancillary work on the 5,000 foot horizon.		
The second 5,145 h.p. winder has been commissioned.		

SHARE CAPITAL

Arising from the right of shareholders to subscribe for 4,000,000 new shares in the capital of the Company during November, 1960, at 12/6 per share, additional funds of £2,500,000 were received.

GENERAL

The results obtained from borehole TL 45 are as follows:—

	Reef Depth (feet)	Cor- rected Width (inches)	Dwt. per Ton	Inch- dwt.	Remarks
Original Intersection					
Leader Reef	6,599	40.6	8.13	330	Core recovery complete
Vaal Reef	6,608	5.9	0.72	4	
First Deflection					
Leader Reef	6,598	42.0	9.26	389	Core recovery almost complete
Vaal Reef	6,607	11.0	2.16	24	
Second Deflection					
Leader Reef	6,598	41.0	10.73	440	Core recovery almost complete
Vaal Reef	6,606	10.0	7.30	73	Core recovery complete

No further deflections will be made.

ANGLO-TRANSVAAL COLLIERIES, LIMITED

The Sales Output of the Subsidiary Collieries controlled by this company for the quarter ended 31st December, 1960, totalled 312,765 tons. (Quarter ended 30th September, 1960—345,400 tons.)

Both totals are subject to correction for road loading tonnage.

MERRIESPRUIT (ORANGE FREE STATE) GOLD MINING COMPANY LIMITED.

FINANCIAL INFORMATION		Quarter ended 31st Dec., 1960	Quarter ended 30th Sept., 1960
Capital Expenditure		£109,497	£128,135

DEVELOPMENT

Footage advanced 3,969 5,597
The above footage was driven by the Virginia mine in the Merriespruit property.

There was no advance in either the 28th level haulage or its companion.

Sampling results of development on Basal Reef:—

Footage sampled	Total	Payable	Total	Payable
	1,955	865	2,935	1,050
		(44.2%)		(35.8%)
Channel width (inches)	21.7	29.0	27.2	33.4
Inch-dwt. (gold)	162	282	167	304
Inch-lb. (uranium oxide)	5.17	7.84	6.50	11.22

(The above results are based on actual sampling. No allowance has been made for adjustments necessary in the valuation of the corresponding Ore Reserve.)

URANIUM OXIDE SALES

Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to these discussions. These agreements have not yet been concluded, but shareholders will be advised of the new arrangements as soon as possible.

GENERAL

During the quarter the water level in No. 2 Shaft fell by 37 feet to 1,638 feet below the collar.

LORAINÉ GOLD MINES, LIMITED

PRODUCTION		Quarter ended 31st Dec., 1960	Quarter ended 30th Sept., 1960
Gold	Tons milled	245,000	245,000
	Yield—ounces fine	54,230	52,075
	—dwt. per ton milled	4.427	4.251
Uranium: (Joint Production Scheme):			
	Tonnage apportioned	189,073	239,451
	Pounds apportioned	42,651	45,897
	Yield per ton on lb. apportioned	0.226	0.192
	Uranium oxide sold—lb.	44,319	44,319

FINANCIAL INFORMATION		Per ton milled	Per ton milled
Gold:			
Revenue	£688,904	56s. 3d.	£652,380 53s. 3d.
Working costs	730,850	59s. 8d.	704,375 57s. 6d.
Working loss	£41,946	3s. 5d.	51,995 4s. 3d.
Sundry mining revenue	3,000	3d.	6,543 6d.
Net working loss from gold	£38,946	3s. 2d.	£45,452 3s. 9d.
Uranium:		Per lb. sold	Per lb. sold
Revenue	£195,406	88s. 2d.	£199,072 89s. 10d.
Treatment costs	96,406	43s. 6d.	98,072 44s. 3d.
Estimated profit from uranium oxide	£99,000	44s. 8d.	£101,000 45s. 7d.
Total Working Profit for Quarter	£60,054		£55,548
Working costs (gold only) per ounce fine	269s. 6d.		270s. 6d.
Development expenditure per ton milled included in working costs	3s. 8d.		3s. 10d.

NOTE: All information relating to uranium production is provisional and subject to adjustment.

The following amount has not been taken into consideration in calculating the working profit shown above:—

6% Registered Unsecured Notes—Interest £8,199 £8,199

CAPITAL EXPENDITURE

Gold production (including £238,772 in respect of underground development charged to capital)	£397,121	£728,675
Uranium oxide production:		
Contribution towards capital cost of joint uranium plants	35,582	42,264
Total	£432,703	£770,939

Taxation and Government's share of profits for the quarter ended 31st December, 1960 Nil Nil

DEVELOPMENT

Footage advanced	19,130	13,574
Sampling results obtained:—		
Basal Reef	Total Payable	Total Payable
Footage sampled	— —	225 90
		(40.0%)
Channel width (inches)	— —	4.5 5.0
Inch-dwt. (gold)	— —	100 140
Inch-lb. (uranium oxide)	— —	11.51 12.26
"B" Reef		
Footage sampled	545 245	355 75
	(45.0%)	(21.1%)
Channel width (inches)	16.7 15.3	15.8 8.3
Inch-dwt. (gold)	329 662	138 447
Inch-lb. (uranium oxide)	18.51 28.04	12.18 30.79
Elsburg Reefs		
Footage sampled	2,470 1,675	1,530 810
	(67.8%)	(52.9%)
Channel width (inches)	47.6 50.5	39.2 38.3
Inch-dwt. (gold)	680 931	287 451
Inch-lb. (uranium oxide)	24.23 27.14	14.95 18.09
Total—All Reefs	3,015 1,920	2,110 975
	(63.7%)	(46.2%)
Channel width (inches)	42.0 46.0	31.6 32.9
Inch-dwt. (gold)	617 897	242 422
Inch-lb. (uranium oxide)	23.19 27.25	14.12 18.53

(The above results are based on actual sampling. No allowance has been made for adjustments necessary in the valuation of the corresponding Ore Reserve.)

SHAFT SINKING AND EQUIPPING

No. 3 Shaft

Raising on the Elsberg reefs has commenced from the 52nd level. Work on the pump chamber at 5,619 feet below the collar is in progress. The ore and waste passes have been holed and work on the tipping arrangements is in progress.

No. 2 Shaft

A second settler on the 53rd level has been completed and work has commenced on a sludge tunnel.

URANIUM OXIDE SALES

Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to these discussions. These agreements have not yet been concluded, but shareholders will be advised of the new arrangements as soon as possible.

NEW KLERKSDORP GOLD ESTATES, LIMITED

FINANCIAL INFORMATION		Quarter ended 31st Dec., 1960	Quarter ended 30th Sept., 1960
Net loss from gold production	£16,715	Per ton milled 10s. 8d.	Per ton milled 11s. 8d.
Estimated profit from uranium oxide production (subject to adjustment)	31,000		32,000
Total Working Profit for Quarter	£14,285		£13,474

The following amounts have not been taken into consideration in calculating the working profit shown above:—

Loans obtained for uranium oxide production:—		
Interest	£345	£365
Loan repayment	£1,907	£1,887
Estimated taxation for the year ended 31st December, 1960	£600	

A dividend (No. 12) of 30 per cent (1s. 6d. or 15 cents per share) was declared payable to shareholders registered on 31st December, 1960.

URANIUM OXIDE SALES

Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to these discussions. These agreements have not yet been concluded but shareholders will be advised of the new arrangements as soon as possible.

CONSOLIDATED MURCHISON (TRANSVAAL) GOLDFIELDS AND DEVELOPMENT COMPANY LIMITED

PRODUCTION		Quarter ended 31st Dec., 1960	Quarter ended 30th Sept., 1960
Tons crushed		41,900	38,200
FINANCIAL INFORMATION			
Profit from antimony and gold	£191,310		£106,280
Capital Expenditure	£43,433		£9,109
Taxation for the twelve months ended 31st December, 1960	£154,300		
DEVELOPMENT			
Footage accomplished all of which was developed in connection with the antimony/gold ore bodies		1,788	2,139
Footage sampled		250	470
Payable footage on account of combined antimony and gold content		250	180
Percentage payable		100	38

RAND LEASES (VOGELSTRAISFONTEIN) GOLD MINING COMPANY LIMITED

PRODUCTION		Quarter ended 31st Dec., 1960	Quarter ended 30th Sept., 1960
Tons milled		560,000	576,000
Yield—ounces fine		79,328	83,324
—dwt. per ton milled		2.833	2.893
FINANCIAL INFORMATION		Per ton milled	Per ton milled
Revenue from gold	£1,007,879	36s. 0d.	£1,042,246 36s. 2d.
Working costs	1,000,150	35s. 9d.	1,022,703 35s. 6d.
Working profit	7,729	3d.	19,543 8d.
Sundry mining revenue	5,900	3d.	12,500 5d.
Total Working Profit for Quarter	£13,629	6d.	£32,043 1s. 1d.
Working costs per ounce fine	252s. 2d.		245s. 6d.
Development expenditure per ton milled included in working costs	2s. 2d.		2s. 4d.
Capital Expenditure	£24,014		£29,115
Estimated Taxation for the half-year ended 31st December, 1960	£4,200		
DEVELOPMENT			
Footage advanced	8,492		10,953
Sampling results obtained:—			
Main Reef Series	Total Payable	Total Payable	Total Payable
Footage sampled	2,460 1,350	3,535 1,815	
	(54.9%)	(51.3%)	
Channel width—inches	23.6 21.2	35.5 33.5	
Inch-dwt. (gold)	198 299	205 323	
Bird Reef			
Footage sampled	930 240	630 160	
	(25.8%)	(25.4%)	
Channel width—inches	43.1 53.2	39.1 59.6	
Inch-dwt. (gold)	101 214	124 315	
Kimberley Reef			
Footage sampled	590 50	1,790 390	
	(8.5%)	(21.8%)	
Channel width—inches	58.8 65.0	58.6 54.3	
Inch-dwt. (gold)	124 194	118 204	
Total—All Reefs			
Footage sampled	3,980 1,640	5,955 2,365	
	(41.2%)	(39.7%)	
Channel width—inches	33.4 27.3	42.8 38.7	
Inch-dwt. (gold)	165 284	170 303	

(The above results are based on actual sampling. No allowance has been made for adjustments necessary in the valuation of the corresponding Ore Reserve.)

GENERAL
Repayment of Capital—Capital repayment instalment No. 4 of 6d. (five cents) per share was declared payable to shareholders registered at 31st December, 1960.

committed and economically underdeveloped countries.

A failure to achieve this is a guarantee that it will eventually be achieved within the Communist orbit. Consequently to argue, as Washington apparently still does, against a rise in the gold price on the ground that it would be strengthening the economic position of the Communist countries in relation to the West, is surely quite secondary to perpetuating a monetary situation which will, in any event, ensure our eventually losing the Cold War.

In any case, it is debatable whether a higher gold price would place the Communist countries in any stronger position to fight the Cold War. Their industries are, and seem likely to remain, at full stretch at any rate through the 1960's, and no rise in the gold price can ease this situation, although it may shorten its duration by making easier the purchase of capital goods from the West. In contrast, the productive potential of the West is far from being fully utilised (in Britain we are not even working very hard yet) and thus it is on this side of the Iron Curtain that the industrial capacity can most readily be spared for the task of transforming African and Asian economies. The problem is how to finance this transformation.

How the Gold Price Has Moved

Meanwhile the dollar continues to bear a fixed relation to gold, and two weeks ago, in defence of this now strained relationship, the equilibrium of the gold market—although not the price—was sharply disturbed following President Eisenhower's order forbidding U.S. citizens to hold stocks of gold overseas, including of course certificates carrying entitlement to gold on demand. Americans are already prohibited from holding such stocks within the United States and the position of the U.S. citizen is now virtually no different from that of the Britisher.

When we last wrote, it was in the immediate aftermath of the outburst of gold fever which pushed the London gold price on one day in October as high as 290s., although the fixing price never rose above 268s. Since the end of October, the price first came down fairly quickly to below 254s. and since then has remained steadily between this and a low point of 252s. 6d.

It is apparent from this behaviour, which has kept the gold price persistently a little above the ceiling (about 252s.) fixed for transactions by central banks under I.M.F. regulations, that the price has been most successfully manipulated by the Bank of England in such a way as to keep the central banks out of the market while maintaining the free functioning of that market. To do this the Bank has at times had to make very substantial offerings of its own gold holdings to the market. Thus in the early part of November these were apparently running at some £15,000,000 per week supplemented by perhaps £3,000,000 of new South African gold.

The Bank of England, with its special duties as banker for the sterling area, is clearly in no position to hand out its own gold holdings gratuitously at this rate, and it must be assumed that some arrangement has been come to with the U.S. Treasury whereby the Bank of England can reconvert at least a part of her fast rising dollar balances back into gold. Indeed the gold losses which the U.S. has suffered during the last two months of 1960 may very largely be explained by these transfers.

Indications are that, up to the time of President Eisenhower's order, the Bank of England was still actively supporting the

market, so it cannot be said that by then confidence in the dollar had been by any means fully restored. Equally, it is too early yet to assess what is now likely to be the effect on the London gold market of the ban on foreign American gold holdings. All that can be said in the short term is that it may stimulate hedging into gold by private individuals in other countries and that almost certainly it must be regarded as a bull point for gold shares which are now the only remaining gold price hedge available to American citizens.

Beyond that, it still remains to be seen whether the ban is effective or whether many American gold holders will use the cover of foreign nominees, or merely fail to declare their holdings.

Moreover it by no means follows that, when Americans sell gold, they will buy dollars. Thus, although the gold losses from private U.S. buying and from Washington's support of the London gold market seem likely to be halted, little gold may actually be repatriated, unless President Eisenhower's ban is followed by further restrictions on the movement of American capital abroad, which in turn would undermine confidence in the dollar still further.

In any event, the price of gold seems unlikely to fluctuate greatly as, until American sales of privately held gold stocks commence (and this operation does not have to be completed until June 1), the Bank of England will presumably continue to come in as a seller as necessary.

There is also the possibility that private American gold sales will come on the market so erratically as to force the gold price below the level at which the central banks may buy on the London market. In this event it will be interesting to see whether the Bank of England comes into the market as a buyer, in which case it might conceivably again require U.S. Treasury support either in the form of dollars or American held sterling balances.

Effect of Gold Price on Mine Profits

One consequence of the continued premium on the London gold market has been that the South African gold producer has continued to enjoy a higher price on his gold sales, although not at quite the level recorded for last October (254s.). In November the value of gold sales were declared at 253s. 10d. and in December at 252s. 8d. These monthly average prices are reflected in the quarterly profit figures which are generally better, more especially in the case of the marginal producers. At the same time the rise has neither been large enough, nor prospectively of sufficiently certain duration, to have any appreciable effect on pay limits.

Nor does it follow that, if a substantially higher gold price developed permanently, it would necessarily result in every mine continuing to work to its average grade, as it seems unlikely that in this event the South African Government would insist, under the terms of its mine lease agreements, upon mill grades being lowered to the point where the trend in the industry's output of physical metal was in the aggregate adversely affected.

This question of revised pay limits in the face of a higher gold price is, of course, crucial in any consequential reassessment of share values and was discussed at length in the article in our issue of May 1958 which was recirculated with our issue of November 1960. It is now coming to be more generally realised that the marginal producer would, in any case where possible, tend to siphon off a large part of the benefit from the higher gold price into lowering

his pay limit and extending the life of the mine and in using part of higher profits for heavy capital expenditure at mines such as City Deep and Crown Mines, where the future would then lie at great depths.

However it is not every low grader which can in practice lower its pay limit. A number of these are located in the eastern Rand where the values occur as shoots which, if not payable at the present gold price, are unlikely to be payable in any event. Thus in many cases it is still the low grade mines which may be expected to show the largest *proportional* increase in profits and share values in the event of a gold price rise.

When Not To Buy

Now a word of advice to the legion of investors who are not already into gold shares when the price rise does eventuate. It is to stay out until the initial, and probably brief, bout of speculative buying and subsequent profit taking has exhausted itself.

At that point there may be some good bargains to be picked-up, either as lock-ups or for capital appreciation over, say, the following twelve to eighteen months that it will take for a mine's new earnings basis to become fully apparent. Thereafter, the new gold price should have been fully discounted and, if the price rise occurs in the early future, the overseas investor will presumably then be back to a straight assessment of the political risk, while the South African investor continues to absorb periodic bouts of selling from abroad touched off by these fears.

Who Has Been Supporting Kaffirs?

The Cape has of course been a net buyer of Kaffirs for the past two or three years but the events of 1960 have provided a quite remarkable acceleration to this process, more especially during the first half of the year. This is reflected in the heavy withdrawals of foreign capital, which have led the President of the Johannesburg Stock Exchange, in his recent presidential address, to observe with some justification that "whereas for half a century London could fairly have been said to be the centre of the Kaffir market, the title today belongs to Johannesburg".

The great bulk of the South African buying has been coming from the institutions, notably the life assurance companies and the privately administered pension funds, which between them are having to find a home for some £60,000,000 of new money each year. As Mr. T. A. Murray points out in the December issue of *Optima*, life assurance and pension funds are both being increasingly forced into the equity market, because of the low interest rates net of tax prevailing on mortgages and because of the low yields on gilt-edged—5 per cent on long dated government securities, against 8 per cent on industrials and more on golds, prospectively or now according to their stage of development. Mr. Murray estimates that, in the two years prior to Sharpeville, the South African Mutual and Sanlam (both leading life assurance companies) between them acquired nearly £15,000,000 of equities—in the main mining shares.

The extent to which this process has been accelerated since then may be gauged from the latest annual report of the S.A. Mutual, which discloses that between November 14, 1959 and October 21, 1960 the book value of its ordinary shareholdings rose from £7,700,000 to

(Continued on page 15)

THE CENTRAL MINING—RAND MINES GROUP

South African Mining Companies' Directors' Reports for Quarter Ended 31st December, 1960.

Offices of the London Secretaries: 4 London Wall Buildings, E.C.2.

The development values quoted hereunder represent actual results of sampling, no allowance having been made for any adjustments which may be or were necessary when estimating ore reserves at the ends of the respective financial years.

HARMONY GOLD MINING COMPANY, LIMITED.

Ore milled 503,000 tons.		Slimes treated for Uranium 503,600 tons	
GOLD YIELD		URANIUM YIELD	
Ozs. Fine	Dwt. per ton	Lbs.	Lb. per ton
204,070	8.114	245,500	0.487
Uranium sold 245,500 lb.		Pyrites concentrate recovered 10,335 tons	
Sulphuric Acid produced 10,703 tons.			
		Per Ton Milled	
		s. d.	
GOLD			
Working Revenue		£2,595,884 .. 103 3	
Working Expenditure		1,627,988 .. 64 9	
WORKING PROFIT		£967,896 .. 38 6	
URANIUM SOLD AND PYRITES PRODUCED			
Revenue		£985,375	
Treatment Costs		290,575	
Working Profit		694,800	
SULPHURIC ACID			
Working Profit		53,270	
TOTAL WORKING PROFIT		£1,715,966	

Adjusting for interest on funds borrowed, £44,500 less sundry revenue (net) £14,800, the NET PROFIT was £1,686,266.

Capital Expenditure, £375,000.

Funds Borrowed—Capital Repayment £597,800.

TAXATION AND LEASE CONSIDERATION—No South African taxation or Lease Consideration is as yet payable by the Company.

CENTRAL MINING FINANCE LIMITED—LOAN REPAYMENT—The second repayment of £500,000 against the Central Mining Finance Limited loan was made on the 31st December, 1960, leaving a balance of £1,000,000 to be repaid.

WATER DISPOSAL AND EVAPORATION AREAS—Negotiations for the purchase of additional land for the disposal of underground water are proceeding. UNDERGROUND WATER—During the quarter the water pumped per 24 hours averaged 5,036,000 gallons and for the month of December, 5,007,000 gallons. NO. 2 SHAFT—In addition to the normal reef and off-reef development accomplished during the quarter, the off-reef development on 21 and 25 levels amounted to 5,086 feet and 7,622 feet respectively.

URANIUM—Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to these discussions. These agreements have not yet been concluded, but shareholders will be advised of the new arrangements as soon as possible.

DEVELOPMENT—Total 24,200 feet.

PAYABLE DISCLOSURES

Reef	Footage Sampled	Feet	Per Cent	Gold		Uranium	
				Value	Channel	Value	Channel
				Dwt. per ton	Width Inches	Dwt. per ton	Width Inches
Basal	1,920	1,735	90.4	18.6	1.133	26	484
						Dwt. lb.	
						29.46	

CONSOLIDATED MAIN REEF MINES AND ESTATE, LIMITED

Ore Milled 145,000 tons.		Yield 32,013 oz. fine.		Yield per ton 4.416 dwt	
				Per Ton Milled	
				s. d.	
Working Revenue				£407,417 .. 56 2	
Working Expenditure				397,157 .. 54 9	
WORKING PROFIT				£10,260 .. 1 5	

Adjusting for sundry revenue £7,900 and Outstanding Liabilities Trust Fund (Cr.) £17,700, the TOTAL PROFIT was £35,860.

Taxation £2,500.

Dividend No. 102 of 1s. 6d. (equivalent to 15 cents) per share, declared on 8th December, 1960, payable on or about 16th February, 1961, to shareholders registered on 31st December, 1960, £93,570.

DEVELOPMENT totalled 2,111 feet.

PAYABLE DISCLOSURES

Reef	Footage Sampled	Feet	Per Cent	Channel		Inch-Dwt.
				Value	Width	
				Dwt. per ton	Inches	
Main Reef Leader	410	120	29.3	51.0	6	306
Main Reef	70	—	—	—	—	—
TOTALS & AVERAGES	480	120	25.0	51.0	6	306

EAST RAND PROPRIETARY MINES, LIMITED.

Ore Milled 659,000 tons.		Yield 152,563 oz. fine.		Yield per ton 4.630 dwt.	
				Per Ton Milled	
				s. d.	
Working Revenue				£1,940,192 .. 58 11	
Working Expenditure				1,702,322 .. 51 8	
WORKING PROFIT				£237,870 .. 7 3	

Adjusting for sundry expenditure £14,100 and Outstanding Liabilities Trust Fund (Cr.) £26,200, the TOTAL PROFIT was £249,970.

Taxation (Cr.) £5,200.

Dividend No. 82 of 1s. 6d. (equivalent to 15 cents) per share, declared on 8th December, 1960, payable on or about 16th February, 1961, to Shareholders registered on 31st December, 1960, £297,000.

Capital Expenditure £400,900.

The new Central Reduction Plant commenced test milling operations during December.

DEVELOPMENT totalled 14,416 feet.

PAYABLE DISCLOSURES

Reef	Footage Sampled	Feet	Per Cent	Channel		Inch-Dwt.
				Value	Width	
				Dwt. per ton	Inches	
South Reef	600	170	28.3	13.6	32	434
Main Reef Leader	350	—	—	—	—	—
Composite Reef	2,160	760	35.2	13.9	28	388
Main Reef	1,410	420	29.8	15.9	38	606
TOTALS & AVERAGES	4,520	1,350	29.9	14.4	32	462

The ORE RESERVE at 31st December, 1960, has been re-estimated as follows:—

	Tons	Value Dwt. per ton	Width Inches	Inch-Dwt.
Available	4,164,000	6.1	47.7	286
Not Available	1,287,000	5.4	56.4	309
TOTAL	5,451,000	5.9	49.5	293

CROWN MINES, LIMITED

Ore Milled 557,000 tons.		Yield 97,863 oz. fine.		Yield per ton 3.514 dwt.	
				Per Ton Milled	
				s. d.	
Working Revenue				£1,246,152 .. 44 9	
Working Expenditure				1,233,366 .. 44 3	
WORKING PROFIT				£12,786 .. 0 6	

Adjusting for sundry revenue £18,300 and Outstanding Liabilities Trust Fund (Cr.) £40,900, the TOTAL PROFIT was £71,986.

Taxation £5,400.

Dividend No. 119 of 2s. 0d. (equivalent to 20 cents) per share, declared on 8th December, 1960, payable on or about 16th February, 1961, to Shareholders registered on 31st December, 1960, £188,600.

Capital Account—Recovery from Insurers for equipment destroyed by fire in "B" Mill (Cr.) £49,600. Property Expenditure (Dr.) £1,000.

DEVELOPMENT totalled 13,227 feet.

PAYABLE DISCLOSURES

Reef	Footage Sampled	Feet	Per Cent	Channel		Inch-Dwt.
				Value	Width	
				Dwt. per ton	Inches	
Kimberley Reef	2,305	415	18.0	5.9	39	230
South Reef	745	155	20.8	10.3	28	288
Main Reef Leader	2,655	465	17.5	26.7	16	427
Main Reef	2,540	610	24.0	6.7	40	266
TOTALS & AVERAGES	8,245	1,645	20.0	9.5	32	305

The ORE RESERVE at 31st December, 1960, has been re-estimated as follows:—

	Tons	Value Dwt. per ton	Width Inches	Inch-Dwt.
Available	2,401,000	5.3	45.0	240
Not Available	1,941,000	5.1	45.7	234
TOTAL	4,342,000	5.2	45.3	238

BLYVOORUITZICHT GOLD MINING COMPANY, LIMITED.

Ore Milled 398,000 tons.	Slimes treated for Uranium 484,940 tons
GOLD YIELD	URANIUM YIELD
Ozs. Fine Dwt. per ton	lb. lb. per ton
257,863 12.958	168,427 0.347
Uranium sold 162,430 lb.	

GOLD	Per Ton Milled
Working Revenue	s. d.
Working Expenditure	165 0
WORKING PROFIT	64 8
URANIUM SOLD	
Revenue	£680,759
Treatment Costs	247,483
Working Profit	£433,276
SULPHURIC ACID	
Working Profit	41,724
TOTAL WORKING PROFIT	£2,471,849

Adjusting for sundry revenue (net) £49,400, less interest on Uranium and Sulphuric Acid Loans £18,800, the **TOTAL PROFIT** was £2,502,449.

Taxation and Lease Consideration £1,247,600.

Dividend No. 30 of 1s. 3.6d. (equivalent to 13 cents) per share, declared on 8th December, 1960, payable on or about 16th February, 1961, to Shareholders registered on 31st December, 1960, £1,560,000.

Capital Expenditure £346,200.

Uranium and Sulphuric Acid Loan Accounts—Quarterly Instalment—Capital Repayment, £138,500.

No. 4 SHAFT—The erection of the concrete headgear has been completed and sinking on a limited scale was recommenced on the 13th of December. It is anticipated that the shaft will enter the solid dolomites during the current quarter.

URANIUM—STRETCH OUT—Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to these discussions. These agreements have not yet been concluded, but Shareholders will be advised of the new arrangements as soon as possible.

DEVELOPMENT totalled 17,192 feet.

PAYABLE DISCLOSURES

Reef	Footage Sampled	Feet	Per Cent	Gold Value Dwt. per ton	Uranium Value Dwt. per ton	Channel Width Inches	Gold Dwt. lb.	Uranium Dwt. lb.
Carbon Leader	3,605	3,055	84.7	103.3	3,979	6	620	23,872
No. 4 Shaft was sunk 78 feet to a total depth of 333 feet below the collar.								

MODDERFONTEIN EAST, LIMITED

Ore Milled 303,000 tons.	Yield 31,546 oz. fine.	Yield per ton 2,082 dwt.
Working Revenue		s. d.
Working Expenditure		26 7
WORKING PROFIT		0 2

Adjusting for sundry revenue £2,700 and Outstanding Liabilities Trust Fund (Cr.) £6,800, the **TOTAL PROFIT** was £12,296.

Taxation (Cr.) £800.

Dividend No. 67 of 6d. (equivalent to 5 cents) per share, declared on 8th December, 1960, payable on or about 16th February, 1961, to Shareholders registered on 31st December, 1960, £23,300.

It was announced in the Press on 28th October, 1960: "That, owing to the difficulties of producing sufficient payable ore to maintain the present milling rate, it has been decided to reduce the scale of operations. With effect from 1st December, 1960, therefore, the milling rate will be reduced from about 130,000 tons per month to approximately 52,000 tons per month. By this arrangement, it is expected that the Mine will operate with a small working profit for a further limited period".

The change over to a reduced tonnage was effected in December. 57,000 tons of ore were milled in that month with a Working Profit of £1,626.

DEVELOPMENT totalled 539 feet.

PAYABLE DISCLOSURES

Reef	Footage Sampled	Feet	Per Cent	Channel Value Dwt. per ton	Channel Width Inches	Inch. Dwt.
Main Reef Leader	485	130	26.8	14.6	29	422

CITY DEEP, LIMITED

Ore Milled 350,000 tons.	Yield 71,529 oz. fine.	Yield per ton 4,087 dwt.
Working Revenue		s. d.
Working Expenditure		52 0
WORKING PROFIT		51 3

Adjusting for sundry revenue £10,100 and Outstanding Liabilities Trust Fund (Cr.) £20,600, the **TOTAL PROFIT** was £43,439.

Taxation £3,800.

Dividend No. 79 of 8.4d. (equivalent to 7 cents) per share, declared on 8th December, 1960, payable on or about 16th February, 1961, to Shareholders registered on 31st December, 1960, £71,000.

Capital Expenditure £12,600.

DEVELOPMENT totalled 8,837 feet.

PAYABLE DISCLOSURES

Reef	Footage Sampled	Feet	Per Cent	Channel Value Dwt. per ton	Channel Width Inches	Inch. Dwt.
South Reef	1,110	200	18.0	11.0	39	430
Main Reef Leader	1,570	990	63.1	22.4	20	447
Main Reef	580	60	10.3	6.2	44	273
TOTALS & AVERAGES	3,260	1,250	38.3	18.2	24	436

The **ORE RESERVE** at 31st December, 1960, has been re-estimated as follows:—

	Tons	Value Dwt. per ton	Width Inches	Inch. Dwt.
Available	2,594,000	5.8	40.1	232
Not Available	557,000	6.4	41.3	266
TOTAL	3,151,000	5.9	40.3	236

DURBAN ROODEPOORT DEEP, LIMITED.

Ore Milled 563,000 tons.	Yield 102,786 oz. fine.	Yield per ton 3,651 dwt.
Working Revenue		s. d.
Working Expenditure		46 6
WORKING PROFIT		41 1

Adjusting for sundry revenue £12,500 and Outstanding Liabilities Trust Fund (Cr.) £14,400 the **TOTAL PROFIT** was £179,938.

Taxation £24,900.

Dividend No. 80 of 1s. 6d. (equivalent to 15 cents) per share, declared on 8th December, 1960, payable on or about 16th February, 1961, to Shareholders registered on 31st December, 1960, £174,400.

Capital Expenditure £66,900.

No. I.E. SUB-VERTICAL SHAFT—Work on the support of the hoist chamber and headgear portion of this new shaft was completed and the Sinking Hoist and Stage Hoist were installed.

DEVELOPMENT totalled 22,182 feet.

PAYABLE DISCLOSURES

Reef	Footage Sampled	Feet	Per Cent	Channel Value Dwt. per ton	Channel Width Inches	Inch. Dwt.
Kimberley Reef	6,470	4,020	62.1	7.4	46	340
South Reef	270	20	7.4	59.5	4	238
Main Reef	5,510	3,060	55.5	10.4	39	406
TOTALS & AVERAGES	12,250	7,100	58.0	8.6	43	368

No. I.E. Sub-Vertical Shaft was sunk 50 feet to a depth of 72 feet below the collar.

The **ORE RESERVE** at 31st December, 1960, has been re-estimated as follows:—

	Tons	Value Dwt. per ton	Width Inches	Inch. Dwt.
Available	7,244,000	4.1	56.7	233
Not Available	550,000	4.5	58.3	260
TOTAL	7,794,000	4.1	56.8	235

The Mining Journal

ANNUAL REVIEW — 1961 EDITION

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GENERAL MINING & FINANCE CORPORATION, LIMITED

(Incorporated in the Union of South Africa)

GOLD MINING COMPANIES' DIRECTORS' REPORTS FOR THE QUARTER ENDED 31st December, 1960

All companies mentioned are incorporated in the Union of South Africa

	RUFFELSFONTEIN GOLD MINING COMPANY LIMITED			ELLATON GOLD MINING COMPANY LIMITED			SOUTH ROODEPOORT MAIN REEF AREAS LIMITED			STILFONTEIN GOLD MINING COMPANY LIMITED			WEST RAND CONSOLIDATED MINES LIMITED		
	June 1960	Sept. 1960	Dec. 1960	June 1960	Sept. 1960	Dec. 1960	June 1960	Sept. 1960	Dec. 1960	June 1960	Sept. 1960	Dec. 1960	June 1960	Sept. 1960	Dec. 1960
PRODUCTION															
GOLD: Tons milled	441,000	441,000	442,000	88,000	85,000	79,000	89,000	91,000	90,000	496,000	504,000	504,000	410,000	409,000	391,000
Ounces fine recovered	175,112	181,442	182,441	20,775	20,058	18,800	21,417	21,781	21,748	223,500	228,636	229,075	59,302	59,235	57,342
Yield per ton—dwt.	7,942	8,229	8,255	4,722	4,720	4,759	4,813	4,787	4,833	9,012	9,073	9,090	2,893	2,897	2,933
Revenue per ton milled	99/4	102/10	105/2	59/1	59/1	60/5	60/8	60/4	61/10	112/11	113/8	115/6	37/7	37/9	38/9
Cost per ton milled	56/6	58/6	58/10	41/2	42/2	43/7	45/2	45/1	45/10	65/3	64/2	64/3	36/-	35/9	37/5
Profit per ton milled	42/10	44/4	46/4	17/11	16/11	16/10	15/6	15/3	16/10	47/8	49/6	51/3	1/7	2/0	1/4
URANIUM: Tons milled	—	—	—	—	—	—	—	—	—	—	—	—	228,000	228,000	228,000
Tons treated	386,000	368,000	336,000	92,792	99,397	99,779	95,769	89,327	90,649	297,500	297,300	332,600	321,478	324,447	323,110
Uranium oxide produced—lb.	192,036	191,671	186,212	29,136	30,232	31,921	0,3219	0,3005	0,2801	91,968	92,412	92,413	1,41	1,423	1,42
Yield per ton treated—lb.	0.4975	0.5208	0.5542	0.3140	0.3042	0.3199	—	—	—	—	—	—	—	—	—
Uranium oxide sold—lb.	193,210	188,728	188,257	28,722	32,316	30,612	—	—	—	—	—	—	310,536	308,100	306,086
URANIUM SECTION (WEST RAND CONS.)															
Gold—ounces fine recovered	—	—	—	—	—	—	—	—	—	—	—	—	5,630	5,303	5,628
Yield per ton—dwt.	—	—	—	—	—	—	—	—	—	—	—	—	0.494	0.456	0.494
Cost per ton	—	—	—	—	—	—	—	—	—	—	—	—	51/3	49/10	49/7
FINANCIAL															
GOLD: Working revenue	2,190,817	2,268,228	2,323,461	260,060	251,043	236,779	269,987	274,549	278,420	2,800,363	2,864,096	2,910,883	770,310	771,749	758,783
Working costs	1,245,722	1,290,189	1,300,530	181,100	179,128	172,072	201,118	205,071	206,417	1,619,123	1,616,801	1,619,500	737,917	730,310	731,155
Working profit	945,095	978,039	1,022,931	78,960	71,915	64,707	68,869	69,478	72,003	1,181,240	1,247,295	1,291,383	32,393	41,439	27,628
URANIUM: Working revenue	756,387	726,939	722,920	149,671	134,813	139,923	—	—	—	392,957	391,177	381,559	1,214,650*	1,176,602*	1,180,021*
Working and treatment costs	181,387	151,939	156,920	95,671	87,813	89,523	—	—	—	178,957	178,177	166,559	594,569	568,408	565,466
Working profit	575,000	575,000	566,000	54,000	47,000	50,000	—	—	—	214,000	213,000	215,000	630,081	608,194	614,555
SULPHURIC ACID: Working profit	63,000	63,000	61,000	—	—	—	—	—	—	51,000	50,000	47,000	—	—	—
Additional revenue	—	—	—	—	—	—	2,665	1,750	1,550	—	—	—	21,033	16,800	22,276
TOTAL PROFIT	1,583,095	1,616,039	1,649,931	132,560	118,915	116,707	71,534	71,228	73,553	1,446,240	1,510,295	1,553,383	683,507	666,433	664,459
Taxation (Inc. State's share of profits)	—	—	—	—	—	—	27,000	28,000	30,000	417,000	525,000	418,700	293,000	260,000	285,000
Uranium and other Loan repayments (including interest)	222,270	631,284	214,722	109,209	198,836	83,609	—	—	—	181,506	165,631	181,506	74,472	74,472	74,472
CAPITAL EXPENDITURE:															
Gold	880,591	807,828	761,837	Cr. 41	Cr. 70	Cr. 405	808	888	2,079	466,128	490,345	824,285	Cr. 13,383	8,014	Cr. 1,711
Uranium, Pyrite and Acid	4,929	5,556	12,522	12,153	12,153	12,153	—	—	—	58,564	59,426	58,028	—	—	—
Amortisation Contributions received (Uranium)	1/104	—	1/9	—	—	—	1/14	—	1/14	1/6	—	1/6	—	—	—
Dividend per share	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

* Includes revenue from acid and sundries
2/- Ord. 1
2/3d. Ord.
£5.13.4d. Def. 1
£6.7.6d. Def.

[illegible]

Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to these discussions. These agreements have not yet been concluded, but shareholders will be advised of the new arrangements as soon as possible.

For and on behalf of

General Mining & Finance Corporation Limited,
B. M. IVISON, London Secretary.

UTRANTUM

£17,000,000, and that of this increase that of mining finance shares alone was from £3,600,000 up to £9,300,000. S.A. Mutual also started buying gold mining shares on an appreciable scale in this period, their holding rising from £300,000 to £1,500,000. In all, at the end of the period, 60 per cent of its portfolio was represented by mining finance and gold mining shares, of which no less than 11½ per cent was in De Beers.

There seems little reason to doubt that a similar pattern of investment has been followed by many of the other institutions. Moreover buying from these sources tends to be for keeps, and there seems no reason why, given that the political shocks to overseas opinion are not too frequent or too sharp, the process of South Africa acquiring the ownership of her own mining industry should not proceed steadily and continue to have the same tremendous stabilizing influence on prices which we have witnessed in the past year.

It is of course another matter whether the South African economy can in fact afford the luxury of investing in industries, which are already going concerns, at a time when this economy is starved for new capital for vital industrial expansion and African development. However, with mining shares so obviously the most rewarding section of the equity market, it is difficult to see what the government can do about it, short of nationalising or coercing the entire life assurance and pension fund sector of the economy—a desperate expedient, of which even past British labour governments have fought shy.

On the other hand the bout of prospecting over the past two years has not yet produced anything sensational in the way of new mines, and in any case the short-term consequences for the economy of deferring new mining projects appear relatively slight in the face of the far more politically urgent short-term need for finance in other directions. Thus it would not be surprising if, in the years immediately ahead, the financing of new mines were to become less easy as the competition for available capital develops, and it may well be that the portfolios of mining finance companies will gradually become more heavily diluted with industrial and other investments.

How the Market Has Moved

On October 19 the *F.T.* gold share index stood at 69.8. On January 23 it was 78.4. Although share prices are thus generally higher than before October 20 (the day which marked the beginning of the brief market flare up on gold price hopes) they are still a little below the high point reached during that short burst. The improvement over the past three months is small but widely spread throughout the list, becoming, as might be expected, more pronounced among the older low grade mines which are likely to show the sharpest rise in the event of a gold price change. Finance and investment shares have also been making a good showing.

There have of course been one or two surprises, such as the realisation that the Free State Geduld dividend payments have, as we pointed out in our November issue, about reached a plateau. There have also been warnings of possible further cuts in the President Steyn dividend pending the No. 3 shaft system becoming fully operative in addition to minor cuts in the dividends of Hartbeestfontein and Buffelsfontein. It would appear that in some of these cases the full implications of the impact of taxation

(Continued on page 19)

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

GOLD MINING COMPANIES' DIRECTORS' ABRIDGED REPORTS FOR THE QUARTER ENDED 31st DECEMBER, 1960

(All Companies mentioned are incorporated in the Union of South Africa)

NOTES

The development values in all these Companies' Reports represent actual results of sampling, no allowance having been made for adjustments which are necessary in estimating ore reserves. Copies of the complete quarterly reports of any company may be had on application to the London Secretaries, 40 Holborn Viaduct, E.C.1.

PRESIDENT STEYN GOLD MINING COMPANY, LIMITED

	Quarter ended 31st December, 1960	Quarter ended 30th September, 1960
OPERATING RESULTS		
Gold		
Tons milled	318,000	308,000
Ounces fine	118,605	115,235
Yield per ton—dwt.	7.46	7.48
Cost per ton milled	62s. 5d.	62s. 4d.
Profit per ton milled	32s. 8d.	31s. 4d.
Uranium (Joint Production Scheme)		
Lb. apportioned	63,996	68,371
Yield per ton on lb. apportioned	0.253	0.251
WORKING RESULTS		
Gold—Working profit	£519,090	£482,542
Uranium (estimated):		
Treatment costs	£146,853	£139,824
Working profit	£181,600	£182,330
Total Working Profit	£700,690	£664,872
FINANCIAL		
No taxation and no share of profit are as yet payable to the State.		
Capital expenditure: gold and uranium including contributions towards capital cost of Welkom Gold Mining Company uranium plant less recoupments	£393,662	£569,130
Interest charges (excluding interest on uranium loans)	£41,311	£41,282
Uranium loan repayments (comprising redemption and interest)	£122,887	£122,888
DEVELOPMENT		
Total footage driven	15,203	15,948
Basal Reef		
Feet sampled	2,390	3,155
Feet payable (Gold)	2,230	2,725
Percentage payability (Gold)	93.3	86.4
Average gold value—dwt. per ton	32.35	30.52
Average uranium oxide value—lb. per ton	1.02	1.07
Width—inches	12.10	13.18
Equivalent inch-dwt.	391	402
Equivalent inch-lb.	12.31	14.13

Owing to the uneconomic results obtained from the Leader Reef, publication of details of development on this reef is being discontinued for the time being.

BOREHOLE RESULT

During the quarter under review, the following information was published regarding the reef intersection in Borehole K.P.11:

Borehole K.P.11, situated about 4,300 feet due east of Borehole K.P.10 and approximately 8,500 feet in a southerly direction from No. 2 shaft intersected the Basal Reef at a depth of 6,703 feet.

The reef assayed 70.7 dwt. of gold per ton over a corrected width of 8.9 inches, equivalent to 629 inch-dwt.

In a deflection, the Basal Reef was again intersected, this time at a depth of 6,701 feet and assayed 68.0 dwt. of gold per ton over a corrected width of 8.9 inches, equivalent to 605 inch-dwt.

In a second deflection, the Basal Reef was intersected at 6,701 feet and assayed 153.3 dwt. of gold per ton over a corrected width of 9.85 inches, equivalent to 1,510 inch-dwt. Core recovery was complete and no further deflection will be made.

SHAFT SINKING

No. 3 Main Shaft was sunk 670 feet to a depth of 5,827 feet.

No. 3 Ventilation Shaft was sunk 810 feet to its final depth of 6,010 feet.

URANIUM

Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission, and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to these discussions. These agreements have not yet been concluded, but shareholders will be advised of the new arrangements as soon as possible.

SPRINGS MINES, LIMITED

	Quarter ended 31st December, 1960	Quarter ended 30th September, 1960
OPERATING RESULTS		
Gold		
Tons milled	281,000	296,000
Ounces fine	38,515	41,108
Yield per ton—dwt.	2.74	2.78
Cost per ton milled	31s. 8d.	32s. 1d.
Profit per ton milled	3s. 2d.	2s. 8d.
Working profit	£44,629	£39,155
The estimated total working profit for the year ended 31st December, 1960, was £171,591 (31st December, 1959—£163,502).		
FINANCIAL		
Taxation and State's share of profits—estimated	£15,550	£8,125
Capital expenditure	Cr. £10,360	£517
DEVELOPMENT		
Footage driven	4,801	5,741
Feet sampled	3,965	5,280
Feet payable	1,475	1,690
Percentage payability	37.2	32.5
Average value—dwt. per ton	18.67	15.73
Width—inches	21.86	19.64
Equivalent inch-dwt.	408	309
ORE RESERVES		
Tons	31st Dec., 1960	31st Dec., 1959
Average value—dwt.	615,000	1,171,000
Stopping width—inches	4.03	4.41
	42.89	42.25

EAST DAGGAFONTEIN MINES, LIMITED

	Quarter ended 31st December, 1960	Quarter ended 30th September, 1960
OPERATING RESULTS		
Gold		
Tons milled	320,500	319,500
Ounces fine	54,632	54,428
Yield per ton—dwt.	3.41	3.41
Cost per ton milled	35s. 0d.	34s. 10d.
Profit per ton milled	8s. 4d.	7s. 10d.
Working Profit	£133,628	£125,494
The estimated total working profit for the year ended 31st December, 1960, was £501,514 (31st December, 1959, £403,006).		
FINANCIAL		
Taxation—estimated	£57,262	£51,802
Capital Expenditure	£3,212	£2,334
DEVELOPMENT		
Main Reef Leader		
Footage driven	2,283	1,976
Feet sampled	2,005	1,675
Feet payable	725	765
Percentage payability	36.2	45.7
Average value—dwt. per ton	10.99	12.68
Width—inches	20.87	23.33
Equivalent inch-dwt.	229	296
Kimberley Reef		
Footage driven	5,634	5,103
Feet sampled	3,330	2,580
Feet payable	585	640
Percentage payability	17.6	24.8
Average value—dwt. per ton	50.43	55.82
Width—inches	5.85	5.78
Equivalent inch-dwt.	295	323
ORE RESERVES		
Tons	31st Dec., 1960	31st Dec., 1959
Average value—dwt.	4,733,000	4,744,000
Stopping width—inches	4.62	4.67
	36.61	36.60

FREE STATE GEDULD MINES, LIMITED

	Quarter ended 31st December, 1960	Quarter ended 30th September, 1960
OPERATING RESULTS		
Gold		
Tons milled	283,500	286,000
Ounces fine	245,442	246,892
Yield per ton—dwt.	17.32	17.27
Cost per ton milled	78s. 2d.	77s. 4d.
Profit per ton milled	141s. 10d.	138s. 8d.
Working profit	£2,010,757	£1,982,617

FINANCIAL

No taxation and no share of profit are as yet payable to the State.

Capital Expenditure	£306,231	£412,475
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DEVELOPMENT

Footage driven	27,229	30,794
Feet sampled	2,680	5,135
Feet payable	2,505	4,565
Percentage payability	93.5	88.9
Average value—dwt. per ton	269.65	320.73
Width—inches	4.81	4.68
Equivalent inch-dwt.	1,297	1,501

The results obtained in the areas of the individual shafts were:—

No. 1 Shaft Area

Feet sampled	1,270	2,770
Feet payable	1,110	2,600
Percentage payability	87.4	93.9
Average value—dwt. per ton	179.84	355.80
Width—inches	5.01	5.00
Equivalent inch-dwt.	901	1,779

No. 2 Shaft Area

Feet sampled	1,410	2,365
Feet payable	1,395	1,965
Percentage payability	98.9	83.1
Average value—dwt. per ton	345.92	266.82
Width—inches	4.66	4.25
Equivalent inch-dwt.	1,612	1,134

BOREHOLE RESULT

During the quarter under review the following information was published regarding the reef intersection in borehole A.R.5:—

Borehole A.R.5 on the farm Arrarat 4,500 feet due south of Borehole A.R.4 in the south-east portion of the mine's lease area, intersected the Basal Reef at a depth of 7,479 feet. The reef assayed 63.3 dwt. of gold per ton over a corrected width of 5.54 inches equivalent to 351 inch-dwt.

In a deflection, the Basal Reef was duplicated by a reverse fault and was intersected at 7,479 feet and 7,540 feet. The value in the upper intersection was 34.4 dwt. of gold per ton over a corrected width of 4.99 inches equivalent to 172 inch-dwt.; and the value in the lower intersection was 14.9 dwt. of gold per ton over a corrected width of 8.46 inches, equivalent to 126 inch-dwt. Core recovery in all intersections was complete.

The borehole deviated considerably and a further deflection is to be made from a position well above the reef horizon.

SHAFT SINKING

No. 1A Ventilation Shaft was sunk 119 feet to its final depth of 5,131 feet.

URANIUM

Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission, and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to these discussions. These agreements have not yet been concluded, but shareholders will be advised of the new arrangements as soon as possible.

The uranium content of the company's residue slimes has not been sufficient to enable it to participate in the Orange Free State Joint Uranium Production Scheme.

WESTERN DEEP LEVELS LIMITED

	Quarter ended 31st December, 1960	Quarter ended 30th September, 1960
DEVELOPMENT		
Footage driven	14,829	7,799
Feet sampled	960	130
Feet payable	605	50
Percentage payability	63.0	38.5
Average value—dwt. per ton	15.40	37.77
Width—inches	42.26	32.60
Equivalent inch-dwt.	651	1,231

SHAFT SINKING

No. 2 Shaft System		
Ventilation shaft—footage sunk	26	251
Ventilation Shaft—footage in stations, pump chambers, etc.	931	706

No. 3 Shaft System

Ventilation Shaft—footage sunk	240	—
Shaft depths at 31st Dec.	1960	1959

No. 2 Shaft System

Main shaft	feet	feet
	6,309	5,203
	(final depth)	
Ventilation shaft	6,077	4,770

No. 3 Shaft System

Main shaft	6,354	6,140
	(final depth)	
Ventilation shaft	6,564	6,131

No. 3 VENTILATION SHAFT

Sinking of the sub-vertical portion of the No. 3 Ventilation Shaft commenced on 11th December, 1960.

REEF INTERSECTION

In December, 1960, the Ventersdorp Contact Reef was intersected in the No. 3 Ventilation Shaft at a depth of 6,413 feet below the collar. The reef, dipping in a northerly direction at 13°, was sampled at intervals of 5 feet around the perimeter of the shaft and the sections sampled gave an average value for gold of 11.86 dwt. per ton over a channel width of 34.78 inches, equivalent to 412 inch-dwt.

CAPITAL EXPENDITURE

Expenditure on fixed assets during the quarter amounted to £2,042,292, bringing the total capital expenditure to 31st December, 1960, to £15,170,032.

WESTERN HOLDINGS LIMITED

	Quarter ended 31st December, 1960	Quarter ended 30th September, 1960
OPERATING RESULTS		
Gold		
Tons milled	467,000	471,000
Ounces fine	317,809	313,487
Yield per ton—dwt.	13.61	13.31
Cost per ton milled	56s. 0d.	56s. 5d.
Profit per ton milled	116s. 10d.	110s. 1d.
Working Profit	£2,728,725	£2,593,246

FINANCIAL

Taxation and State's share of profits—estimated	£1,502,500	£1,434,000
Capital expenditure	£410,289	£381,721

DEVELOPMENT

Total footage driven	28,202	29,409
Feet sampled	4,165	3,385
Feet payable	3,620	2,840
Percentage payability	86.9	83.9
Average value—dwt. per ton	138.89	196.99
Width—inches	8.67	7.86
Equivalent inch-dwt.	1,204	1,548

Included in the development details given above are the following results obtained in the No. 3 shaft area.

Footage driven	12,650	12,868
Feet sampled	1,880	1,275
Feet payable	1,635	1,110
Percentage payability	87.0	87.1
Average value—inch-dwt.	1,031	1,501

SHAFT SINKING

No. 1 Ventilation Shaft

Footage sunk in quarter 1,706 feet, the depth to date being 1,706 feet.

AREA SOUTH OF VAAL RIVER

Borehole Results

The following results were obtained in Borehole G.Z.1 situated on the common boundary of the farms Grootvadersbosch No. 470 and Zuipung No. 394, in the district of Vrijensdorp, drilled by Free State Development and Investment Corporation Limited on joint account with this company.

The Vaal Reef was intersected at a depth of 6,991 feet and six deflections were made. Recovery of core was complete in the original intersection and the third deflection. The following tabulation sets out the values obtained.

	Dwt.	Width (inches)	Inch- dwt.
Original intersection	5.16	33.3	172
1st deflection	18.89	26.9	508
2nd deflection	29.20	27.9	815
3rd deflection	2.68	30.9	83
4th deflection	13.44	25.0	336
5th deflection	16.00	24.5	392
6th deflection	8.61	30.9	266

Additional Borehole

The company has agreed to participate jointly with Free State Development and Investment Corporation Limited in the drilling by that corporation of an additional borehole, G.Z.2, to be sited on the common boundary of the farms Grootvadersbosch No. 470 and Zuipung No. 394, at a point approximately 9,000 feet south of borehole G.Z.1.

LEASE AREA

Borehole Result

The drilling of borehole AL4, sited in the extreme north-eastern section of the lease area on the farm Lotgeval, was completed in October, 1960. The borehole intersected a fault at a depth of 4,100 feet, passed into footwall quartzites, and was stopped at a depth of 6,066 feet in intrusive diorite.

URANIUM

Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission, and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to these discussions. These agreements have not yet been concluded, but shareholders will be advised of the new arrangements as soon as possible.

The uranium content of the company's residue slimes has not been sufficient to enable it to participate in the Orange Free State Joint Uranium Production Scheme.

BRAKPAN MINES, LIMITED

	Quarter ended 31st December, 1960	Quarter ended 30th September, 1960
OPERATING RESULTS		
Gold		
Tons milled	434,000	434,000
Ounces fine	53,096	52,433
Yield per ton—dwt.	2.45	2.42
Cost per ton milled	28s. 9d.	28s. 5d.
Profit per ton milled	2s. 4d.	1s. 10d.
Working profit	£51,173	£39,601

The estimated total working profit for the year ended 31st December, 1960, was £163,563 (31st December, 1959—£128,136).

FINANCIAL

Taxation and State's share of profits—estimated	£9,800	£3,241
Capital recoupments	£2,819	—

DEVELOPMENT

Footage driven	5,885	6,915
Feet sampled	3,845	5,040
Feet payable	635	760
Percentage payability	16.5	15.1
Average value—dwt. per ton	11.30	9.27
Width—inches	75.29	74.85
Equivalent inch-dwt.	851	694

ORE RESERVES

Tons	1,340,000	1,593,000
Average value—dwt.	4.87	4.79
Stopping width—inches	56.32	53.59

WELKOM GOLD MINING COMPANY, LIMITED

	Quarter ended 31st December, 1960	Quarter ended 30th September, 1960
OPERATING RESULTS		
Gold		
Tons milled	294,000	302,000
Ounces fine	93,604	95,781
Yield per ton—dwt.	6.37	6.34
Cost per ton milled	65s. 3d.	63s. 5d.
Profit per ton milled	15s. 7d.	16s. 0d.
Uranium (Joint Production Scheme)		
Lb. apportioned	60,271	63,731
Yield per ton on lb. apportioned	0.261	0.274
WORKING RESULTS		
Gold—Working profit	£229,702	£241,877
Uranium (estimated)		
Treatment costs	£133,253	£118,929
Working profit	£172,800	£172,496
Total Working Profit	£402,502	£414,373
FINANCIAL		
Capital Expenditure—Gold and uranium, including contribution towards capital cost of Pres. Steyn uranium plant, less recoupments	Cr. £16,570	£16,670
Taxation		
No taxation and no share of profits are as yet payable to the State.		
Interest charges (excluding interest on Uranium Loans)	£40,500	£51,006
Loan repayments		
5 per cent debentures	£4,829	£262,578
Uranium Loans (comprising redemption and interest)	£127,645	£127,646
DEVELOPMENT		
Footage driven	20,789	20,269
Feet sampled	5,000	4,830
Feet payable (gold)	3,675	3,805
Percentage payability (gold)	73.5	78.8
Average gold value—dwt. per ton	88.91	70.40
Average uranium oxide value—lb. per ton	3.27	2.83
Width—inches	5.45	6.64
Equivalent inch-dwt.	485	467
Equivalent inch-lb.	17.84	18.77

URANIUM
Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission, and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to these discussions. These agreements have not yet been concluded, but shareholders will be advised of the new arrangements as soon as possible.

VAAL REEFS EXPLORATION AND MINING COMPANY, LIMITED

	Quarter ended 31st December, 1960	Quarter ended 30th September, 1960
OPERATING RESULTS		
Gold		
Tons milled	306,000	309,500
Ounces fine	141,751	140,286
Yield per ton—dwt.	9.26	9.07
Cost per ton milled	66s. 5d.	65s. 5d.
Profit per ton milled	51s. 4d.	48s. 0d.
Uranium		
Uranium oxide produced—lb.	110,251	167,297
Yield per ton treated—lb.	0.758	0.723
WORKING RESULTS		
Gold—Working profit	£785,248	£742,397
Uranium (estimated)		
Treatment costs	£124,288	£118,698
Working profit	£423,079	£418,401
Total Working Profit	£1,208,327	£1,160,798
The estimated total working profit for the year ended 31st December, 1960, was £4,578,451 (31st December, 1959, £4,333,978).		
FINANCIAL		
No taxation and no share of profits are as yet payable to the State.		
Capital expenditure	£790,818	£656,099
Uranium Loan Repayments (including interest)	£70,158	£70,158
DEVELOPMENT		
Footage driven	26,704	25,364
Feet sampled	8,420	6,850
Feet payable	6,495	5,450
Percentage payability	77.1	79.6
Average gold value—dwt. per ton	63.25	72.61
Average uranium oxide value—lb. per ton	4.89	5.02
Width—inches	10.53	8.58
Equivalent inch-dwt.	666	623
Equivalent inch-lb.	51.52	43.06
SHAFT SINKING		
No. 2 Ventilation Shaft		
The shaft was sunk 236 feet to a depth of 6,868 feet (final depth).		
	31st Dec., 1960	31st Dec., 1959
ORE RESERVES		
Tons	3,325,000	2,950,000
Average gold value—dwt.	9.86	6.23
Stopping width—inches	40.00	39.76
Average uranium oxide value—lb.	0.797	0.744

URANIUM
Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission, and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to these discussions. These agreements have not yet been concluded, but shareholders will be advised of the new arrangements as soon as possible.

DAGGAFONTAIN MINES, LIMITED

	Quarter ended 31st December, 1960	Quarter ended 30th September, 1960
OPERATING RESULTS		
Gold		
Tons milled	660,000	691,000
Ounces fine	133,721	139,975
Yield per ton—dwt.	4.05	4.05
Cost per ton milled	31s. 4d.	31s. 1d.
Profit per ton milled	20s. 2d.	19s. 7d.
Uranium		
Uranium oxide produced—lb.	136,737	127,922
Yield per ton treated—lb.	0.355	0.364
WORKING RESULTS		
Gold—Working profit	£664,424	£676,643
Uranium (Estimated)		
Treatment costs	£201,738	£216,340
Working profit	£378,447	£370,497
Sulphuric Acid—Working profit	£46,157	£46,132
Total Working Profit	£1,089,028	£1,093,272
The estimated total working profit for the year ended 31st December, 1960, was £4,399,264 (31st December, 1959—£4,462,286).		
FINANCIAL		
Taxation and State's share of profits—estimated	£614,895	£614,964
Uranium Loan Repayments (including interest)	£140,776	£140,776
Capital expenditure	Cr. £3,379	Cr. £15,176
DEVELOPMENT		
Main Reef Leader		
Footage driven	4,518	4,461
Feet sampled	3,850	4,020
Feet payable	1,675	1,800
Percentage payability	43.5	44.8
Average gold value—dwt. per ton	19.55	22.07
Width—inches	19.16	18.59
Equivalent inch-dwt.	375	410
Kimberley Reef		
Footage driven	4,481	4,390
Feet sampled	4,080	3,950
Feet payable	1,545	1,675
Percentage payability	37.9	42.4
Average gold value—dwt. per ton	12.89	12.70
Average uranium oxide value—lb. per ton	1.15	1.02
Width—inches	29.56	39.47
Equivalent inch-dwt.	381	509
Equivalent inch-lb.	34.08	40.38
ORE RESERVES		
Tons	7,576,200	8,847,500
Average gold value—dwt.	5.10	5.15
Stopping width—inches	43.52	43.29
Average uranium oxide value—lb. (Kimberley Reef)	0.385	0.375

URANIUM
Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission, and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to these discussions. These agreements have not yet been concluded, but shareholders will be advised of the new arrangements as soon as possible.

THE SOUTH AFRICAN LAND AND EXPLORATION COMPANY, LIMITED

	Quarter ended 31st December, 1960	Quarter ended 30th September, 1960
OPERATING RESULTS		
Gold		
Tons milled	297,500	300,000
Ounces fine	61,794	62,263
Yield per ton—dwt.	4.15	4.15
Cost per ton milled	42s. 5d.	41s. 11d.
Profit per ton milled	10s. 4d.	10s. 0d.
Working profit	£154,094	£149,506
The estimated total working profit for the year ended 31st December, 1960, was £561,414 (31st December, 1959, £644,495).		
FINANCIAL		
Taxation and State's share of profits—estimated	£4,903	£1,905
Capital expenditure	£170,876	£171,441
DEVELOPMENT		
Mining Lease Area		
Footage driven	4,975	6,476
Feet sampled	3,485	4,460
Feet payable	1,415	1,715
Percentage payability	40.6	38.5
Average value—dwt. per ton	15.13	13.91
Width—inches	27.55	28.89
Equivalent inch-dwt.	417	402
Outside Mining Lease Area—(Withok No. 131 I.R.)		
Footage driven	7,700	11,647
Feet sampled	3,615	4,515
Feet payable	1,250	1,865
Percentage payability	34.6	41.3
Average value—dwt. per ton	19.45	25.83
Width—inches	28.27	24.64
Equivalent inch-dwt.	550	636
No. 3 SHAFT SYSTEM		
During the quarter No. 3A shaft was sunk 1,085 feet to a depth of 3,687 feet below the collar.		
	31st Dec., 1960	31st Dec., 1959
ORE RESERVES		
Tons	3,344,300	3,569,500
Average value—dwt.	6.13	5.93
Stopping width—inches	44.61	44.58

PRESIDENT BRAND GOLD MINING COMPANY, LIMITED

	Quarter ended 31st December, 1960	Quarter ended 30th September, 1960
OPERATING RESULTS		
Gold		
Tons milled	352,000	352,500
Ounces fine	280,736	285,589
Yield per ton—dwt.	15.95	16.20
Cost per ton milled	62s. 1d.	61s. 7d.
Profit per ton milled	140s. 8d.	141s. 3d.
Uranium (Joint Production Scheme)		
Lb. apportioned	54,288	57,509
Yield per ton on lb. apportioned	0.203	0.219
WORKING RESULTS		
Gold—Working profit	£2,475,239	£2,490,064
Uranium (estimated)	£156,527	£120,506
Treatment costs	£131,150	£130,765
Working profit	£2,606,389	£2,620,829
FINANCIAL		
Taxation and State's Share of Profit (estimated)	£1,268,250	£1,169,000
Capital Expenditure—Gold and uranium including contributions towards capital cost of President Steyn and Welkom uranium plants	£416,526	£640,460
DEVELOPMENT		
Footage driven	21,156	19,329
Feet sampled	2,405	2,550
Feet payable	1,940	2,270
Percentage payable	80.7	89.0
Average gold value—dwt. per ton	108.67	152.46
Average uranium oxide value—lb. per ton	2.33	2.79
Width—inches	6.49	5.84
Equivalent inch-dwt.	705	890
Equivalent inch-lb.	15.09	16.28

BOREHOLE RESULT

During the quarter under review the following information was published regarding the reef intersection in borehole S.P.7:

Borehole S.P.7 on the farm Stuurmanspan, situated 6,900 feet due south of No. 2 Sub-Vertical shaft, intersected the Basal Reef at a depth of 5,849 feet, assaying 3.03 dwt. of gold per ton, over a width of 13.5 inches, equivalent to 41 inch-dwt.

A hanging wall leader intersected at 5,846 feet assayed 7.7 dwt. per ton, over a width of 8.5 inches, equivalent to 65 inch-dwt.

The core was very sheared, but core recovery was complete.

In two deflections the Basal Reef was intersected, with the following results: First deflection: At 5,846 feet, assaying 0.4 dwt. of gold per ton over a corrected width of 10.9 inches, equivalent to 4 inch-dwt.

Second deflection: At a depth of 5,851 feet, assaying 29.3 dwt. of gold per ton over a corrected width of 5.2 inches, equivalent to 152 inch-dwt.

URANIUM

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WESTERN REEFS EXPLORATION AND DEVELOPMENT COMPANY, LIMITED

	Quarter ended 31st December, 1960	Quarter ended 30th September, 1960
OPERATING RESULTS		
Gold		
Tons milled	401,500	425,500
Ounces fine	115,105	120,767
Yield per ton—dwt.	5.73	5.68
Cost per ton milled	54s. 5d.	52s. 3d.
Profit per ton milled	18s. 5d.	18s. 9d.

London Office : 40 Holborn Viaduct, E.C.1

12th January, 1961.

WESTERN REEFS EXPLORATION AND DEVELOPMENT COMPANY, LIMITED—Continued

Uranium		
Uranium oxide produced—lb.	168,311	159,373
Yield per ton treated—lb.	0.359	0.343
WORKING RESULTS		
Gold—Working profit	£369,702	£399,755
Uranium (estimated)	£279,412	£273,790
Treatment costs	£427,174	£432,407
Working profit	£249,212	£248,312
Sulphuric acid	£846,089	£880,474
Working profit	£846,089	£880,474
Total Working Profit	£846,089	£880,474
The estimated total working profit for the year ended 31st December, 1960, was £3,490,585 (31st December, 1959—£3,195,754).		
FINANCIAL		
Taxation and State's share of profits—estimated	£411,092	£401,091
Uranium loan repayments (including interest)	£169,182	£169,182
Capital expenditure	£217,805	£99,820
DEVELOPMENT		
Mining Lease Area (including Goedgenoeg area).		
(a) Ventersdorp Contact and Elsburg Reefs:		
Footage driven	2,345	4,255
Feet sampled	745	1,300
Feet payable	385	700
Percentage payable	51.7	53.8
Average gold value—dwt. per ton	11.48	9.56
Average uranium oxide value—lb. per ton	0.34	0.35
Width—inches	39.26	51.36
Equivalent inch-dwt.	451	491
Equivalent inch-lb.	13.20	18.18
(b) Vaal Reef:		
Footage driven	10,163	10,672
Feet sampled	3,485	3,170
Feet payable	2,355	1,990
Percentage payable	67.6	62.8
Average gold value—dwt. per ton	67.08	57.08
Average uranium oxide value—lb. per ton	4.26	3.79
Width—inches	10.61	9.59
Equivalent inch-dwt.	712	547
Equivalent inch-lb.	45.22	36.36
Nootgedacht Area (including the portion over which an application for a mining lease has been made)—Results of development on Ventersdorp Contact and Elsburg Reefs.		
Footage driven	9,655	10,193
Feet sampled	3,325	4,300
Feet payable	1,395	2,670
Percentage payable	42.0	62.1
Average gold value—dwt. per ton	10.67	11.87
Average uranium oxide value—lb. per ton	0.35	0.35
Width—inches	53.34	48.29
Equivalent inch-dwt.	569	573
Equivalent inch-lb.	18.44	16.83
ORE RESERVES		
Tons	1960	1959
Average gold value—dwt.	4,146,600	4,573,200
Average width—inches	7.15	6.85
Average uranium oxide value—lb.	44.02	45.06
Additional ore reserve developed in prospect licences outside mining lease area (Nootgedacht area).	0.61	0.59
Tons	1,915,300	1,137,300
Average gold value—dwt.	5.64	6.18
Average width—inches	62.31	57.01
Average uranium oxide value—lb.	0.23	0.22

No. 4 SHAFT

Construction work on the shaft collar and headgear foundations is well advanced and the shaft has been sunk a further 17 feet by the outside contractors to a depth of 82 feet below the collar.

MINING LEASE

The mining lease over an area of 622.3167 claims on the farm Goedgenoeg No. 433 in the district of Klerksdorp was registered on 31st December, 1960.

URANIUM

Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission, and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to these discussions. These agreements have not yet been concluded, but shareholders will be advised of the new arrangements as soon as possible.

For and on behalf of

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED,
R. V. PRITCHARD, Joint London Secretary.

and capital expenditure was not appreciated early enough. Today it is, of course, generally the policy of all the groups, as far as possible to ensure that taxation and capital expenditure do not interfere with normal dividend growth.

A New Factor in "Break-Ups"

In the hands of a South African investor normal dividends are not taxable and there is no great advantage to him in receiving capital repayments from a mine

entering the final stages of "break-up", so that differences of opinion can well arise at company meetings between the interests of British and South African investors.

Thus there are at present in South Africa some investment companies which by their articles of association are prevented from distributing to their shareholders in the form of dividend any revenue received by them as capital repayments. These companies therefore prefer a continuing dividend to the very final stages of a mine's operation, and their holdings in a number of the break-up

mines are such that they have been able to insist that no capital repayments are made.

Thus the British investor looking particularly for tax-free capital repayments must ensure that these repayments are not likely to be blocked by South African investors. It appears at present that the only manner in which this problem could be overcome is if the holdings of such investment companies were to be bought out *en bloc*.

(Continued on page 26)

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED GROUP

MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31st December, 1960 WITH COMPARATIVE FIGURES FOR THE PREVIOUS QUARTER.

(All Companies mentioned are incorporated in the Union of South Africa)

GENERAL REMARKS—The development values are the actual results of the sampling of development work on reef; no allowance has been made for modifications which may be necessary when computing ore reserves.

THE RANDFONTEIN ESTATES GOLD MINING COMPANY, WITWATERSRAND, LIMITED

ISSUED CAPITAL		£4,063,553	
(Divided into 4,063,553 shares of £1 each, fully paid)			
	Quarter ended 31st Dec., 1960	Quarter ended 30th Sept., 1960	
OPERATIONS			
Gold Division			
Tons Milled	48,000	72,000	
Gold Produced—ounces fine	8,040	14,530	
Yield per ton milled—dwts.	3.350	4.036	
Cost per ounce	257s. 5d.	249s. 5d.	
Revenue per ton milled	43s. 11d.	52s. 4d.	
Cost per ton milled	43s. 1d.	50s. 4d.	
Profit per ton milled	10d.	2s. 0d.	
Revenue from Gold and Sundry Revenue	£105,411	£188,458	
Less: Working Costs	103,480	181,198	
OPERATING PROFIT	£1,931	£7,260	
Uranium Division			
Tons Milled	435,000	430,000	
Cost per ton milled	78s. 2d.	79s. 5d.	
Uranium Oxide produced—lbs.	452,041	446,027	
Yield per ton milled—lb.	1.039	1.037	
Uranium Oxide sold—lbs.	446,550	446,027	
Gold produced—ounces fine	21,447	22,629	
Yield per ton milled—dwts.986	1.053	
Revenue from Uranium Oxide sold, subject to future adjustment			
Less: Net Mine Working Costs (i.e. after deducting Sundry Revenue and Revenue from Gold in Uranium Ore) and Treatment Costs attributable to Uranium Oxide sold	£2,091,176	£2,092,851	
	1,630,782	1,642,018	
Profit on Uranium Oxide sold	£460,394	£450,833	
Net Revenue from Acid sold	58,219	57,413	
OPERATING PROFIT	£518,613	£508,246	
RESULTS OF OPERATIONS			
Combined Operating Profit for quarter—Gold and Uranium Divisions	£520,544	£515,506	
Less:	This Quarter	Last Quarter	
Estimated Taxation	£146,000	£141,000	
Contribution towards cost of Atomic Energy Board's Uranium Research Programme	14,303	14,413	
Provision for Interest on and repayment of Uranium Loans	215,086	215,086	
Capital Expenditure	8,783	6,351	
	384,172	376,850	
BALANCE OF PROFIT FOR QUARTER	£136,372	£138,656	

URANIUM LOANS			
Balance of Loans outstanding at end of Quarter ..		£3,022,852	£3,206,345
DEVELOPMENT			
Total Development—feet		25,954	26,760
Gold Division			
Development—feet		64	629
Sampled—feet		65	555
Payable—feet		35	385
Percentage payable		54	69
Value—dwts.		7.9	8.6
Width—inches		36	40
Inch-dwts.		284	344
Uranium Division—Bird Reef Series			
Development—feet		25,890	26,131
Sampled:			
Feet		5,375	6,045
Value—uranium—lbs.		2.3	2.6
Value—gold—dwts.		3.7	4.0
Width—inches		21	19
Inch-lbs.—uranium		48	49
Inch-dwts.—gold		78	76
Payable:			
Feet		*2,735	*3,070
Percentage		51	51
Value—uranium—lbs.		3.4	3.5
Value—gold—dwts.		5.7	5.4
Width—inches		20	19
Inch-lbs.—uranium		68	67
Inch-dwts.—gold		114	103
ORE RESERVES			
Gold Division		At 31st Dec., 1960	At 31st Dec., 1959
Tons		100,000	285,000
Value—dwts.		4.9	4.7
Width—inches		47	51
Inch-dwts.		230	240
Uranium Division		*2,007,000	*1,921,000
Value—uranium—lbs.		1.3	1.3
Value—gold—dwts.		1.6	1.7
Width—inches		32	32
Inch-lbs.—uranium		42	42
Inch-dwts.—gold		51	54

* In the case of the Uranium Division payable is based on the combined Gold and Uranium content.

URANIUM—Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to the discussions. These agreements have not yet been concluded but shareholders will be advised of the new arrangements as soon as possible.

GOVERNMENT GOLD MINING AREAS (Modderfontein) CONSOLIDATED LIMITED

ISSUED CAPITAL		£70,000	
(Divided into 5,600,000 shares of 3d. each, fully paid)			
	Quarter ended 31st Dec., 1960	Quarter ended 30th Sept., 1960	
OPERATIONS			
Tons Milled	157,000	158,000	
Gold recovered from current milling—ounces fine	26,066	26,865	
Recovery per ton—dwts.	3.322	3.401	
Gold recovered from old residues—ounces fine ..	4,393	5,332	
RESULTS OF OPERATIONS			
Revenue from Gold, Silver and Osmiridium, including revenue from sales of gold derived from the treatment of old residues	£386,086	£401,915	
Rents and Sundry Revenue	9,112	10,162	
Revenue from Sales of Salvaged Plant and Equipment	6,789	5,060	
	£401,987	£417,137	
Less: Working Costs	401,304	416,062	

Net Revenue from Gold Mining, Treatment of old residues and Salvage Operations and Sundry Revenue	£683	£1,075
Net Revenue from Pyrite	79,368	79,451
TOTAL PROFIT FOR QUARTER	£80,051	£80,526
Less:	This Quarter	Last Quarter
Estimated Taxation and Government Share of Profits	£13,200	£13,200
Provision for Interest on and repayment of Pyrite Loans ..	10,350	10,350
Capital Expenditure	Nil	Nil
	23,550	23,550
BALANCE OF PROFIT FOR QUARTER	£56,501	£56,976
PYRITE LOANS		
Balance of Loans outstanding at end of quarter ...	£143,660	£152,507
DEVELOPMENT		
Total Development—feet	Nil	Nil
ORE RESERVES		
Tons	At 31st Dec., 1960	At 31st Dec., 1959
Value—dwts.	152,000	328,000
Width—inches	6.2	5.9
	72	71

WESTERN AREAS GOLD MINING COMPANY LIMITED

AUTHORISED AND ISSUED CAPITAL ... £8,270,000. 0.0.

PAID-UP CAPITAL £6,580,423.12.6.

(Divided into 12,034,463 units of stock of 10s. each, fully paid, and 4,505,537 shares of 10s. each, 2s. 6d. per share paid.)

During the quarter under review the paid up capital was increased from £4,890,847 5s. 0d. to £6,580,423 12s. 6d. by the call in December, 1960, of 7s. 6d. per share on one-half of the 9,011,074 then partly paid shares. Progress at the mine is ahead of the schedule drawn up at the time of the flotation of the company. Development has commenced and it is likely that the mine will be brought into production at least twelve months earlier than was originally estimated. While the originally estimated total cost of bringing the mine into production remains unchanged, the satisfactory progress at the mine has resulted in a rapid absorption of funds and arrangements have now been made to call up on 1st March, 1961, 7s. 6d. per share on 3,970,761 partly paid shares, yielding the sum of £1,489,035.

SHAFT SINKING AND EQUIPPING:

Main Shaft

Shaft Sinking	
Advance for quarter	944 feet
Depth at 31st December, 1960	4,507 feet
Concrete Lining	
Advance for quarter	930 feet
Depth at 31st December, 1960	4,455 feet
Estimated final depth of shaft	5,000 feet

Four main stations, viz., 41, 43 45 and 48 levels at elevations of 3,615, 3,840, 4,080 and 4,335 feet below collar were cut and concreted. In addition the first and second intermediate loading stations were excavated and concreted.

The total footage advanced during the quarter on station cutting and development incidental to station layout was 1,565 feet.

Ventilation Shaft

Development commenced at this shaft in October 1960 on 36 and 38 levels. The total footage accomplished during the quarter on these two levels, including ore passes and development incidental to station layout, amounted to 3,615 feet.

On 38 level, Ventersdorp Contact Reef and Elsburg Conglomerates were exposed in a number of development ends in the Shaft Pillar Area.

In 38 Main Crosscut North the Ventersdorp Contact Reef was exposed and also the Elsburg Conglomerates over a horizontal distance of 315 feet. The thickness of the Elsburg Conglomerates was approximately 67 feet measured at right angles to the plane of the reef bands intersected. This measurement includes waste bands between the conglomerates. The total thickness of the reef bands excluding the internal waste was approximately 48 feet.

The results of the sampling of the reef bands in 38 Main Crosscut North referred to above, given in the order of their succession from the Ventersdorp Contact Reef downwards were as follows:

Development End	Reef	Distance Sampled on Reef Feet	Average Reef Width Inches	Average Value Dwt.	Average Inch-dwts.
38 Main Crosscut North	Ventersdorp Contact Reef	15	83	9.3	771
	Elsburg Bands	30	87	16.6	1,444
		15	120	6.4	768
		15	64	2.8	179
		10	29	3.0	87
		10	23	0.5	12
		10	59	5.1	301
		35	49	1.8	88
		20	25	2.5	63
		50	116	2.6	302

The individual results of the sampling of various intersections of Ventersdorp Contact Reef and of Elsburg Bands in other excavations are given below. The Elsburg Bands have not as yet been correlated.

Development End	Reef	Distance Sampled on Reef Feet	Average Reef Width Inches	Average Value Dwt.	Average Inch-dwts.
38 Orepass Sink	Elsburg	5	76	20.5	1,558
		5	82	4.5	369
38-36 Orepass pass	V.C.R.	5	68	0.5	34
	Elsburg	5	76	18.0	1,368
		5	100	3.3	330
38 Crosscut W No. 1	Elsburg	5	40	1.7	68
		25	27	3.5	94
		10	40	3.3	132
38 Crosscut W No. 2	Elsburg	5	52	2.8	146
		5	34	2.0	68
38 Crosscut S to Main Shaft	Elsburg	20	40	0.9	36
		30	58	2.2	128
		15	66	6.2	409
		20	20	4.5	90
		30	22	2.7	59
		5	49	2.8	137
		25	90	1.7	153
		5	60	4.1	246
		25	41	3.7	152

NON-EUROPEAN ACCOMMODATION:

Work is nearing completion on the compound buildings to provide sufficient accommodation for the development and initial stoping period.

MINE SERVICES:

The work on the main compressor station, the cooling ponds and one of the main fans continues to make good progress.

EXPENDITURE:

Capital Expenditure during the quarter amounted to £592,000 bringing the total capital expenditure to 31st December, 1960, to £5,331,000, which sum includes expenditure incurred in establishing the mine as well as the cost of the Mining Lease, Freehold Property, Mineral Rights. Prospecting expenditure, preliminary and share issue expenses.

FREDDIES CONSOLIDATED MINES, LIMITED

ISSUED CAPITAL £16,359,913

(Divided into 16,359,913 shares of £1 each, fully paid)

	Quarter ended 31st Dec., 1960	Quarter ended 30th Sept., 1960
OPERATIONS		
Gold		
Tons Milled	181,000	192,000
Gold Produced—ounces fine	39,115	40,775
Yield per ton milled—dwts.	4.32	4.25
Cost per ton milled	67s. 1d.	64s. 5d.

Uranium—O.F.S. Joint Production Scheme:

Tonnage apportioned to this Company	184,784	193,191
Production apportioned—lbs.	53,135	61,344
Yield per ton on lbs. apportioned	.288	.318
Sales of Uranium Oxide—lbs.	53,135	61,344

RESULTS OF OPERATIONS

Revenue from Gold and Sundry Revenue	£510,063	£521,565
Less: Working Costs	607,286	618,537

LOSS ON GOLD MINING

Uranium—Revenue from Uranium sold (subject to future adjustment)	£248,686	£236,339
Less: Share of Joint Treatment Charges apportioned to this Company from O.F.S. Joint Production Scheme for the quarter	101,911	99,258
	146,775	137,081

PROFIT	£49,552	£40,109
Deduct: Contribution towards capital cost of O.F.S. Joint Production Scheme	34,775	34,081

TOTAL OPERATING PROFIT FOR QUARTER	£14,777	£6,028
Less:	This Quarter	Last Quarter
Interest payable on amounts advanced to the Company	£12,042	£12,320

Contribution towards cost of Atomic Energy Board's Uranium Research Programme	1,965	1,965
Capital Expenditure	Nil	Nil
	14,007	14,285

EXCESS OF INCOME OVER EXPENDITURE FOR QUARTER (Last Quarter—Deficit)	£770	£8,257 (Deficit)
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LOANS		
During the quarter under review, £50,000 was repaid to the National Finance Corporation of South Africa in reduction of the loan of £600,000 from that Corporation. The balance of the loan, namely, £550,000, is repayable in instalments which fall due between January and April 1961. As the cash resources of the Company are insufficient to meet these repayments, the Company has obtained short-term loan facilities from Johannesburg Consolidated Investment Company, Limited, to enable it to meet the repayments as they fall due.		

DEVELOPMENT		
Total Development—feet Sampled:	7,662	8,549

Feet	665	1,645
Value—gold—dwts.	40.3	44.8
Value—uranium—lbs.	3.8	3.1
Width—inches	6	6
Inch-dwts.—gold	242	269
Inch-lbs.—uranium	23	19

Payable:		
Feet	*355	*895
Percentage	53	54
Value—gold—dwts.	54.5	60.2
Value—uranium—lbs.	4.8	3.9
Width—inches	6	6
Inch-dwts.—gold	327	361
Inch-lbs.—uranium	29	23

ORE RESERVES	At 31st Dec., 1960	At 31st Dec., 1959
Tons.	*800,000	*1,005,000
Value—gold—dwts.	5.3	5.5
Value—uranium—lbs.	.34	.33
Width—inches	40	40
Inch-dwts.—gold	212	220
Inch-lbs.—uranium	13.6	13.2

* Payability is based on the combined Gold and Uranium content.

URANIUM		
Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to the discussions. These agreements have not yet been concluded but shareholders will be advised of the new arrangements as soon as possible.		

THE EAST CHAMP D'OR GOLD MINING COMPANY LIMITED

ISSUED CAPITAL		£259,875	
(Divided into 2,079,000 shares of 2s. 6d. each, fully paid)			
	Quarter ended	Quarter ended	
	31st Dec., 1960	30th Sept., 1960	
OPERATIONS			
Tons Milled	37,600	36,500	
Cost per ton milled	52s. 3d.	52s. 6d.	
Uranium Oxide produced—lbs.	28,531	30,263	
Uranium Oxide sold—lbs.	28,531	30,263	
Yield per ton milled—lb.	759	829	
Gold produced—ounces fine	920	1,029	
Yield per ton milled—dwt.489	.564	
RESULTS OF OPERATIONS			
Uranium Division			
Revenue from Uranium Oxide sold, subject to future adjustment	£140,649	£136,334	
Less: Net Mine Working Costs (i.e. after deducting Sundry Revenue and Revenue from Gold in Uranium Ore), Treatment Costs and Rental Charges	118,392	113,705	
	£22,257	£22,629	
Gold Division			
Profit from the milling of 4,500 (last quarter, 4,600) tons arising from reclamation operations on the Main Reef series	445	861	
TOTAL OPERATING PROFIT FOR QUARTER	£22,702	£23,490	
Less:	This Quarter	Last Quarter	
Estimated Taxation	£6,300	£6,800	
Contribution towards cost of Atomic Energy Board's Uranium Research Programme	967	857	
Provision for interest on and repayment of Uranium Loans	3,905	3,905	
Capital Expenditure	Nil	Nil	
	11,172	11,562	
BALANCE OF PROFIT FOR QUARTER	£11,530	£11,928	

URANIUM LOANS

Balance of Loans outstanding at end of Quarter

£57,547 £60,853

DEVELOPMENT

Development—feet	2,728	2,748
Sampled:		
Feet	1,640	1,875
Value—uranium—lbs.	1.7	1.7
Value—gold—dwt.	1.4	1.5
Width—inches	16	15
Inch-lbs.—uranium	27	26
Inch-dwt.—gold	22	23
Payable:		
Feet	*545	*590
Percentage	33	31
Value—uranium—lbs.	3.1	3.0
Value—gold—dwt.	2.7	2.6
Width—inches	15	15
Inch-lbs.—uranium	47	45
Inch-dwt.—gold	41	39

ORE RESERVES

Bird Reef Series	At 31st Dec., 1960	At 31st Dec., 1959
Tons	*84,000	*132,000
Value—gold—dwt.8	.9
Value—uranium—lbs.	1.2	1.2
Width—inches	29	30
Inch-dwt.—gold	23	27
Inch-lbs.—uranium	35	36

* Payability is based on the combined Gold and Uranium content.

URANIUM

Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to the discussions. These agreements have not yet been concluded but shareholders will be advised of the new arrangements as soon as possible.

10 & 11, Austin Friars, London, E.C.2.
10th January, 1961.

For and on behalf of,
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
D. L. REYNOLDS, Secretary.

SPAARWATER GOLD MINING COMPANY LIMITED

(Incorporated in the Union of South Africa)

REPORT OF THE DIRECTORS

For the Quarter ended 31st December, 1960

Tons milled	32,800	
Total yield ounces fine	10,314	
Total yield per ton (dwt.)	6.289	
		Per Ton Milled
		s. d.
Working Revenue	£131,421	80 2
Cost of Mining and Milling	103,014	62 10
Excess of Revenue over Cost of Mining and Milling	28,407	17 4
Expenditure on Development	24,814	15 2
Working Profit	3,593	2 2
Expenditure on Capital Account		Nil
Government Taxes		Nil

DEVELOPMENT

Main Reef. The total footage advanced during the quarter amounted to 2,889 feet. The footage sampled amounted to 2,710 feet, of which 810 feet, equal to 29.9 per cent proved payable at an average value of 7.8 dwt. per ton over an estimated stoping width of 46.3 inches, equivalent to 361 inch-dwt.

Not included above is 1,040 feet of development advanced by The Sub Nigel Limited in the Spaarwater lease area under a tribute agreement with that Company. The footage sampled amounted to 900 feet, of which 240 feet, equal to 26.7 per cent, proved payable at an average value of 5.1 dwt. per ton over an estimated stoping width of 40.3 inches, equivalent to 206 inch-dwt.

Western Section of Mine—Development in the Western Section continued during the quarter. The footage sampled amounted to 1,800 feet, of which 415 feet, equal to 23.1 per cent, proved payable at an average value of 10.3 dwt. per ton over an estimated stoping width of 37.8 inches, equivalent to 389 inch-dwt.

In addition, 676 feet were advanced under prospecting permission in the area outside the western boundary of the mine. The footage sampled amounted to 385 feet, of which 60 feet, equal to 15.6 per cent, proved payable at an average value of 4.8 dwt. per ton over an estimated stoping width of 40.4 inches, equivalent to 194 inch-dwt.

Development returns show the actual sampling results: adjustments which may be required when estimating ore reserves have not been applied.

Ore Reserve at 31st December, 1960

The ore reserve fully developed at 31st December, 1960, based on a pay limit calculated to conform approximately to existing conditions in respect of gold price and working costs is estimated to be 254,000 tons averaging 5.7 dwt. per ton over a stoping width of 36.9 inches, equivalent to 210 inch-dwt.

By Order of the Board,

E. A. O'CONNOR, London Secretary.

London Office: 120 Moorgate, London, E.C.2.
13th January, 1961.

WITWATERSRAND NIGEL, LIMITED

(Incorporated in the Union of South Africa)

REPORT OF THE DIRECTORS

For the Quarter ended 31st December, 1960

PRODUCTION

Tons Milled	59,400	
Yield (in oz. fine)	13,171	
Yield per Ton Milled (dwt.)	4.434	
		Per Ton Milled
		s. d.
Working Revenue	£167,343	56 4
Working Costs	153,014	*51 6
Working Profit	14,329	4 10
Add: Sundry Revenue	2,025	
NET PROFIT	£16,354	

(*232s. 4d. per oz. fine)

CAPITAL EXPENDITURE

There was a net recoupment of Capital Expenditure during the Quarter amounting to £1,811.

DEVELOPMENT

Development Footage	4,643 feet
Footage on Reef	3,179 feet
Footage Sampled	3,165 feet

The payable reef disclosures were as follows:—
895 feet, or 28.3%, averaging 8.34 dwt. per ton over a width of 29.31 inches, equivalent to 244 inch-dwt.

(No allowance has been made in the above results for adjustments necessary before calculation of the corresponding Ore Reserve.)

Development operations in the No. 3 Shaft area (Burghersright Reserve) were seriously hampered by the intersection of strong water-bearing fissures requiring cementation.

By Order of the Board,

E. A. O'CONNOR, London Secretary.

London Office: 120 Moorgate, London, E.C.2.
18th January, 1961.

GOLD FIELDS GROUP COMPANIES

49 MOORGATE, LONDON, E.C.2.

Directors' Reports of Gold Mining Companies operating in the Union of South Africa, for Quarter ended 31st December, 1960.

(All Companies mentioned are incorporated in the Union of South Africa, unless otherwise stated.)

WEST WITWATERSRAND AREAS LIMITED.

The total footage drilled during the quarter amounted to 4,329 feet. The borehole situation at the end of December, 1960, is set out in the following tabulation:—

Borehole No.	Farm	Depth in feet at 31st Decem-ber, 1960	Advance during Quarter (ft.)	Geological Division Traversed	Rock Types Encountered
21	Reitfontein No. 349	8,898	1,083	Ventersdorp System Witwatersrand System	Lava and Ventersdorp Contact Reef Quartzites, grits, conglomerates and intrusive
22	Doornkloof No. 350	7,542	1,056	Witwatersrand System	Quartzites, grits, conglomerates and intrusive
E.8K	Kleinfontein No. 141	716	Nil	—	—
E.8L	Kleinfontein No. 141	4,303	701	Dolomite Series Black Reef Series Witwatersrand System	Dolomite, chert, carbonaceous shale and quartzite fault blocks Quartzites and grits Argillaceous quartzites; quartzites, grits and small pebble conglomerate bands
E.10E	Gerhardminnebron No. 139	5,862	1,489	Witwatersrand System	Quartzites, grits, conglomerates, shales, intrusives and mylonites

Further details are as follows:—

BOREHOLE No. 21.—This borehole continued in Ventersdorp lava to a depth of 8,490 feet, where it intersected the Ventersdorp Contact Reef assaying 41.2 dwt. over a corrected width of 32.0 inches, equivalent to 1,318 inch-dwt. Below the Ventersdorp Contact Reef the borehole proceeded in coarse-grained quartzites which probably belong to the Upper Witwatersrand System and contain occasional grits and narrow conglomerate bands. One of these bands, intersected at a depth of 8,837 feet, assayed 4.7 dwt. over a corrected width of 65 inches, equivalent to 306 inch-dwt. A further band, intersected at a depth of 8,849 feet, assayed 4.7 dwt. over a corrected width of 49 inches, equivalent to 230 inch-dwt. These reef bands are physically not robustly developed, but both contain carbon seams and a few specks of visible gold occur in the lower band. Core recovery was incomplete as the core was badly broken with considerable loss through grinding.

Correlation of these reef bands must await the intersection of a recognisable marker.

On completion of the borehole it will be deflected to obtain further intersections of these reef bands and also of the Ventersdorp Contact Reef. At 8,882 feet the borehole entered a syenitic intrusive within which it was still in progress at the end of the quarter.

BOREHOLE No. 22.—Drilling in this borehole continued in coarse-grained quartzites containing grits and occasional small-pebble conglomerate bands. The gold content of these conglomerates is generally low, the best value disclosed, at a depth of 7,019 feet, being 4.9 dwt. per ton over a corrected width of 35.3 inches, equivalent to 173 inch-dwt. An intrusive occurred within the quartzites between 7,124 and 7,194 feet, and at 7,463 feet the borehole entered a syenite intrusive within which drilling was still in progress at the end of the quarter.

BOREHOLE No. E.8K.—After the re-drilled borehole had reached a depth of 470 feet the jumper drill was removed from the site and a diamond drill is presently being installed to continue the borehole.

BOREHOLE No. E.8L.—The formation traversed in this borehole consisted of dolomite with chert and carbonaceous shale bands to a depth of 3,950 feet. From 3,829 to 3,920 feet there occur fault-blocks of Witwatersrand-type quartzite interspersed with blocks of dolomite.

The Black Reef Series, or portion thereof, was intersected between 3,950 and 3,970 feet. It comprises a succession of quartzites with some gritty bands with a negligible gold content.

At 3,970 feet the borehole entered fine-grained quartzites interbedded with shaly bands which persist to a depth of 4,175 feet. These fine-grained and shaly quartzites probably represent the lower portion of the Kimberley Shale horizon.

Below 4,175 feet the quartzites become coarser grained and interspersed with narrow grit and small-pebble conglomerate bands with negligible gold content.

BOREHOLE No. E.10E. This borehole continued to a depth of 5,480 feet in Upper Witwatersrand coarse-grained quartzites, which contain grits and small-pebble conglomerate bands with negligible gold content, and which, between 5,232 and 5,480 feet, are highly broken and contain much mylonite as well as several intrusives. At 5,480 feet the borehole passed into fine-grained quartzites which occur below the Carbon Leader horizon, and at 5,706 feet it entered shale which is probably the Jeppestown Top Shale. Drilling was still in progress within this shale at the end of the quarter and will be continued to the Jeppestown Amygdaloid to confirm the correlation.

The Main Reef was not recognised in this borehole, and the Carbon Leader was not intersected. The latter, together with an unknown thickness of Upper Witwatersrand quartzites, was eliminated either at 5,480 feet or a short distance above. The advisability of deflecting the borehole to explore further for the Carbon Leader will be considered after drilling to the Jeppestown Amygdaloid has been completed.

DIVIDEND.—A dividend (No. 24) of 2s. per share was declared on 13th December, 1960, payable on or about 17th February, 1961.

RIETFFONTEIN CONSOLIDATED MINES LTD.

OPERATIONS

	Quarter ended 31st Dec., 1960	Year ended 31st Dec., 1960
Tons milled	43,000	183,500
Total yield ounces fine	10,438	47,429
Yield per ton milled (dwt.)	4.855	5.169
Working Revenue per ton milled	62s. 0d.	65s. 0d.
Working Expenditure per ton milled	59s. 0d.	58s. 7d.
Working Profit per ton milled	3s. 0d.	6s. 5d.
Working Revenue	£133,351	£596,369
Working Expenditure	126,970	537,265
Working Profit	£6,381	£59,104
Capital Expenditure	Nil	£2,631
Taxation	Nil	£1,000

DEVELOPMENT

South Reef			
Footage Sampled	220	1,590	
Payable—Footage	60	535	
Per Cent	27.3	33.6	
Slope Width (in.)	44.6	45.6	
Inch-dwt.	268	287	
Main Reef			
Footage Sampled	930	2,490	
Payable—Footage	380	750	
Per Cent	40.9	30.1	
Slope Width (in.)	43.4	49.6	
Inch-dwt.	443	466	
Total Development			
Footage Advanced	4,620	15,323	
Footage Sampled	1,690	5,085	
Payable—Footage	520	1,595	
Per Cent	30.8	31.4	
Slope Width (in.)	43.6	49.3	
Inch-dwt.	388	380	

Included in the total footage sampled for the quarter is 375 feet sampled on a hanging wall reef in the eastern area of the mine, of which 30 feet, equal to 8.0 per cent., proved payable, averaging 176 inch-dwt. over an estimated stoping width of 43.0 inches, and 165 feet sampled on North Reef, of which 50 feet, equal to 30.3 per cent., proved payable averaging 268 inch-dwt. over an estimated stoping width of 44.7 inches.

ORE RESERVE at 31st December, 1960.

Tonnage	Width (in.)	Value (dwt./ton)	Inch-dwt.
101,000	56.4	5.7	321

REPAYMENT OF CAPITAL.—A repayment of capital (No. 6) of 7.2d. per share was declared on 13th December, 1960, payable on or about 17th February, 1961.

DOMINION REEFS (KLERKSDORP) LIMITED.

(Incorporated in England) (Head Office: Johannesburg)

PRODUCTION

	Quarter ended 31st Dec., 1960	6 months ended 31st Dec., 1960
Tons from slimes dumps	66,800	140,510
Tons from Mine	55,800	109,090
Total tons treated in leaching plant	122,600	249,600
Total yield uranium oxide (lb.)	135,107	270,912
Yield per ton treated uranium oxide (lb.)	1.102	1.086
Uranium oxide sold (lb.)	123,721	260,550
* Working Revenue (subject to adjustment)	£528,042	£1,062,911
Working Expenditure—		
Mining and Milling	£136,181	£275,711
Treatment Costs	140,861	291,200
Working Profit	£251,000	£496,000
Taxation	£106,329	£215,024
State's Share of Profit	£4,321	£8,821
Capital Expenditure	£2,496	£10,846
Uranium Loan Instalment	£79,844	£159,688

URANIUM CONTRACT.—Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to these discussions. These agreements have not yet been concluded, but shareholders will be advised of the new arrangements as soon as possible.

DEVELOPMENT

Dominion Reef			
Footage Advanced	3,291	7,625	
Footage Sampled	3,110	6,900	
Payable—Footage	2,540	4,960	
Per Cent	81.7	71.9	
Slope Width (in.)	36.0	36.4	
Inch-lb.—Uranium oxide	75.8	72.4	

DIVIDEND.—A dividend (No. 17) of 1s. 3d. per share was declared on 13th December, 1960, payable on or about 17th February, 1961.

VLAKFONTEIN GOLD MINING COMPANY LIMITED.

	Quarter ended 31st Dec., 1960	Year ended 31st Dec., 1960
OPERATIONS		
Tons milled	152,000	617,000
Total yield ounces fine	55,337	222,349
Yield per ton milled (dwt.)	7.281	7.207
Working Revenue per ton milled	92s. 7d.	90s. 6d.
Working Expenditure per ton milled	57s. 0d.	56s. 2d.
Working Profit per ton milled	35s. 7d.	34s. 4d.
Working Revenue	£703,438	£2,793,090
Working Expenditure	432,761	1,733,652
Working Profit	£270,677	£1,059,438
Capital Expenditure	£777	£2,695
Taxation	£112,482	£499,524
DEVELOPMENT		
Main Reef		
Footage Advanced	9,271	39,015
Footage Sampled	8,180	32,910
Payable—Footage	3,110	13,655
Per Cent	38.0	41.5
Stope Width (in.)	44.0	42.0
Inch-dwt.	392	365

ORE RESERVE AT 31st DECEMBER, 1960

	TONNAGE	Width (in.)	Value (dwt./ton)	Inch-dwt.
	1,698,000	41.4	7.9	327

DIVIDEND—A dividend (No. 35) of 1s. 1.2d. per share was declared on 13th December, 1960, payable on or about 17th February, 1961.

LIBANON GOLD MINING COMPANY LTD.

	Quarter ended 31st Dec., 1960	Six months ended 31st Dec., 1960
OPERATIONS		
Tons milled	349,000	700,000
Total yield ounces fine	83,877	167,708
Yield per ton milled (dwt.)	4.807	4.792
Working Revenue per ton milled	61s. 3d.	60s. 6d.
Working Expenditure per ton milled	48s. 9d.	48s. 6d.
Working Profit per ton milled	12s. 6d.	12s. 0d.
Working Revenue	£1,068,588	£2,117,455
Working Expenditure	851,071	1,697,657
Working Profit	£217,517	£419,798
Capital Expenditure	£192,800	£299,442
Taxation	Nil	Nil
DEVELOPMENT		
Main Reef		
Footage sampled	6,485	14,335
Payable—Footage	77.6	10,755
Per Cent	70.6	75.0
Stope Width (in.)	46.4	50.2
Inch-dwt.	264	281
Contact Reef		
Footage sampled	2,380	4,850
Payable—Footage	1,950	3,660
Per Cent	81.9	75.5
Stope Width (in.)	45.7	45.8
Inch-dwt.	370	389
Total Development		
Footage Advanced	19,543	41,692
Footage Sampled	8,865	19,185
Payable—Footage	6,985	14,415
Per Cent	78.8	75.1
Stope Width (in.)	46.2	49.1
Inch-dwt.	296	309

HARVIE-WATT SHAFT—During the quarter this shaft was sunk a distance of 258 feet to a final depth of 6,590 feet. Work in connection with the equipping of the shaft is in progress.

DIVIDEND—A dividend (No. 20) of 4.8d. per share was declared on 13th December, 1960, payable on or about 17th February, 1961.

FREE STATE SAAIPLAAS GOLD MINING COMPANY LIMITED.

PRODUCTION—Trial milling commenced on 1st October, 1960, and continued throughout the quarter.

Tons milled	95,000
Working Revenue	£212,406
Stoping and Milling Costs	£105,696
Excess of Revenue over Stoping and Milling Cost	£106,710
Expenditure on Capital Account	
Expenditure on Development	£495,072
Expenditure on Plant and Equipment	£273,139
Total	£768,211

DEVELOPMENT

	Quarter ended 31st Dec., 1960	Six months ended 31st Dec., 1960
Basal Reef		
Footage Advanced	17,112	38,510
Footage Sampled	4,895	8,760
Payable—Footage	3,360	6,280
Per Cent	68.6	71.7
Stope Width (in.)	50.9	50.9
Inch-dwt.	310	326

REDUCTION WORKS—Construction work on both plant and buildings progressed satisfactorily.

HOUSING—A total of 414 houses has been authorized in Virginia Township. Of this number 377 have been built.

NATIVE ACCOMMODATION—Work in connection with extensions to the accommodation for non-European employees is progressing.

ROBINSON DEEP LIMITED.

	Quarter ended 31st December, 1960	Year ended 31st December, 1960
OPERATIONS		
Tons milled	135,500	538,000
Total yield ounces fine	30,508	119,613
Yield per ton milled (dwt.)	4.503	4.447
Working Revenue per ton milled	57s. 3d.	55s. 11d.
Working Expenditure per ton milled	54s. 8d.	55s. 1d.
Working Profit per ton milled	2s. 7d.	0s. 10d.
Working Revenue	£387,641	£1,503,535
Working Expenditure	370,342	1,481,117
Working Profit	£17,299	£22,418
Capital Expenditure	Cr. £2,306	Cr. £7,120
Taxation	Nil	Nil

SALE OF PROPERTY—During the quarter the Company sold freehold aggregating 39,7074 morgen being portions of the farms Turfontein No. 175 and Booyens Estate Nos. 100 and 101 for a consideration of £60,000. This amount will be payable in cash against registration of transfer.

TRIBUTING AGREEMENT WITH VILLAGE MAIN REEF GOLD MINING COMPANY (1934) LIMITED—In terms of an agreement with Village Main Reef Gold Mining Company (1934) Limited that Company has commenced working on a royalty basis in the area above 10 Level in the Turf Section of this Company's property, but as yet no revenue has accrued to this Company from these operations.

DEVELOPMENT

Main Reef Leader		
Footage Sampled	405	2,060
Payable—Footage	365	1,365
Per Cent	90.1	66.3
Stope Width (in.)	53.2	50.7
Inch-dwt.	383	335
South Reef		
Footage Sampled	—	165
Payable—Footage	—	80
Per Cent	—	48.5
Stope Width (in.)	—	43.8
Inch-dwt.	—	201
Total Development		
Footage Advanced	1,138	4,708
Footage Sampled	405	2,225
Payable—Footage	365	1,445
Per Cent	90.1	64.9
Stope Width (in.)	53.2	50.3
Inch-dwt.	383	327

ORE RESERVE AT 31st DECEMBER, 1960

	TONNAGE	Width (in.)	Value (dwt./ton)	Inch-dwt.
	360,000	54.2	5.2	282

SIMMER AND JACK MINES LIMITED.

	Quarter ended 31st December, 1960	Year ended 31st December, 1960
OPERATIONS		
Tons milled	216,000	899,000
Total yield ounces fine	38,770	159,979
Yield per ton milled (dwt.)	3.590	3.559
Working Revenue per ton milled	45s. 9d.	44s. 9d.
Working Expenditure per ton milled	45s. 3d.	45s. 7d.
Working Profit per ton milled	6d. Loss	0s. 10d.
Working Revenue	£494,125	£2,012,108
Working Expenditure	488,858	2,050,699
Working Profit	£5,267	Loss £38,591
Capital Expenditure	Cr. £2,324	Cr. £4,161
Taxation	Nil	Nil
DEVELOPMENT		
Main Reef		
Footage Sampled	570	5,920
Payable—Footage	150	1,755
Per Cent	26.3	29.6
Stope Width (in.)	45.8	50.5
Inch-dwt.	362	288
Main Reef Leader		
Footage Sampled	540	3,440
Payable—Footage	200	745
Per Cent	37.0	21.7
Stope Width (in.)	38.0	38.8
Inch-dwt.	213	248
Total Development		
Footage Advanced	3,057	12,619
Footage Sampled	1,385	10,590
Payable—Footage	500	3,030
Per Cent	36.1	28.6
Stope Width (in.)	40.6	47.6
Inch-dwt.	264	276

Included in the total footage sampled for the quarter is 275 feet sampled on South Reef, of which 150 feet, equal to 54.5 per cent, proved payable averaging 236 inch-dwt. over an estimated stoping width of 38.7 inches.

ORE RESERVE AT 31st DECEMBER, 1960

	TONNAGE	Width (in.)	Value (dwt./ton)	Inch-dwt.
	362,000	43.6	4.5	196

WEST DRIEFONTEIN GOLD MINING COMPANY LIMITED.

PRODUCTION	Quarter ended 31st Dec., 1960	6 months ended 31st Dec., 1960
Gold		
Tons milled	390,000	780,000
Total yield ounces fine	364,594	728,477
Yield per ton milled (dwt.)	18.697	18.679
Working Revenue per ton milled	238s. 5d.	236s. 0d.
Working Expenditure per ton milled	69s. 1d.	68s. 6d.
Working Profit per ton milled	169s. 4d.	167s. 6d.
Working Revenue	£4,649,930	£9,203,655
Working Expenditure	1,348,656	2,670,290
Working Profit	£3,301,274	£6,533,365
Uranium Oxide		
Tons treated in leaching plant	140,000	286,500
Total yield uranium oxide (lb.)	45,296	93,202
Yield per ton treated uranium oxide (lb.)	0.324	0.325
Uranium oxide sold (lb.)	39,032	86,938
Revenue (subject to adjustment)	£199,367	£400,643
Service Fee received from Doornfontein Gold Mining Company Limited	25,004	47,955
Treatment Costs	77,371	154,598
Profit	£147,000	£294,000
Total Working Profit	£3,448,274	£6,827,365
Capital Expenditure	£820,236	£1,323,416
Uranium Loan Instalment	£75,600	£151,200
State's Share of Profit	£451,809	£914,110
Taxation	£1,177,664	£2,371,442

URANIUM CONTRACT—Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to these discussions. These agreements have not yet been concluded, but shareholders will be advised of the new arrangements as soon as possible.

DEVELOPMENT	Quarter ended 31st Dec., 1960	6 months ended 31st Dec., 1960
Carbon Leader		
Footage Advanced	8,175	16,956
Footage Sampled	1,785	3,195
Payable—Footage	1,755	3,155
Per Cent	98.3	98.7
Slope Width (in.)	42.1	42.1
Inch-dwt.—Gold	943	842
Inch-lb.—Uranium oxide	15.6	15.6
Ventersdorp Contact Reef		
Footage Advanced	8,981	17,737
Footage Sampled	2,875	5,720
Payable—Footage	2,300	4,600
Per Cent	80.0	80.4
Slope Width (in.)	43.5	43.7
Inch-dwt.—Gold	487	520
Inch-lb.—Uranium oxide		

In addition, 717 feet were advanced during the quarter in the area held under prospecting permit.

NO. 4 SHAFT—During the quarter this shaft was sunk a distance of 636 feet to a total depth of 3,721 feet. In addition the excavations of stations to serve 8 and 10 levels were completed.

The erosion feature of the Carbon Leader horizon which was encountered in the development east of No. 3 Shaft has persisted at No. 4 Shaft, and no typical Carbon Leader was intersected below the Main Reef. This was not unexpected.

DIVIDEND—A dividend (No. 16) of 2s. 10.8d. per share was declared on 13th December, 1960, payable on or about 17th February, 1961.

THE SUB NIGEL LIMITED.

OPERATIONS	Quarter ended 31st Dec., 1960	6 months ended 31st Dec., 1960
Tons milled	197,000	396,500
Total yield ounces fine	44,990	90,571
Yield per ton milled (dwt.)	4.568	4.569
Working Revenue per ton milled	58s. 3d.	57s. 8d.
Working Expenditure per ton milled	53s. 5d.	53s. 0d.
Working Profit per ton milled	4s. 10d.	4s. 8d.
Working Revenue	£573,699	£1,143,764
Working Expenditure	525,732	1,050,972
Working Profit	£47,967	£92,792
Capital Expenditure	£274	£296
Taxation	Nil	£2,764

DEVELOPMENT	Quarter ended 31st Dec., 1960	6 months ended 31st Dec., 1960
Main Reef		
Footage Advanced	3,895	8,354
Footage Sampled	3,540	7,450
Payable—Footage	810	1,595
Per Cent	22.9	21.4
Slope Width (in.)	38.1	39.0
Inch-dwt.	373	386

SPAARWATER TRIBUTE AREA—In addition 1,040 feet were advanced in the area during the quarter. Of the 900 feet sampled, 240 feet, equal to 26.7 per cent., proved payable averaging 206 inch-dwt. over an estimated stoping width of 40.3 inches.

REPAYMENT OF CAPITAL—A repayment of capital (No. 5) of 1s. 3d. per share was declared on 13th December, 1960, payable on or about 17th February, 1961.

VENTERSPOST GOLD MINING COMPANY LIMITED.

OPERATIONS	Quarter ended 31st Dec., 1960	Six months ended 31st Dec., 1960
Tons milled	358,000	732,000
Total yield ounces fine	100,750	205,226
Yield per ton milled (dwt.)	5.628	5.607
Working Revenue per ton milled	71s. 10d.	70s. 10d.
Working Expenditure per ton milled	58s. 7d.	58s. 0d.
Working Profit per ton milled	13s. 3d.	12s. 10d.
Working Revenue	£1,285,082	£2,593,555
Working Expenditure	1,048,634	2,125,238
Working Profit	£236,448	£468,317
Capital Expenditure	£82,934	£150,818
Taxation	£49,166	£110,867
DEVELOPMENT		
Main Reef		
Footage Sampled	5,180	10,630
Payable—Footage	3,360	6,160
Per Cent	64.9	57.9
Slope Width (in.)	58.2	56.5
Inch-dwt.	343	345
Contact Reef		
Footage Sampled	1,715	3,910
Payable—Footage	1,060	2,795
Per Cent	61.8	71.5
Slope Width (in.)	50.3	49.2
Inch-dwt.	533	576
Total Development		
Footage Advanced	16,286	34,646
Footage Sampled	6,895	14,540
Payable—Footage	4,420	8,955
Per Cent	64.1	61.6
Slope Width (in.)	56.3	54.2
Inch-dwt.	388	417

DIVIDEND—A dividend (No. 42) of 1s. 0d. per share was declared on 13th December, 1960, payable on or about 17th February, 1961.

DOORNFONTEIN GOLD MINING COMPANY LIMITED.

PRODUCTION	Quarter ended 31st Dec., 1960	6 months ended 31st Dec., 1960
Gold		
Tons milled	315,000	630,000
Total yield ounces fine	129,911	259,130
Yield per ton milled (dwt.)	8.248	8.226
Working Revenue per ton milled	105s. 1d.	103s. 10d.
Working Expenditure per ton milled	60s. 3d.	60s. 2d.
Working Profit per ton milled	44s. 10d.	43s. 8d.
Working Revenue	£1,654,708	£3,271,633
Working Expenditure	949,028	1,895,066
Working Profit	£705,680	£1,376,567
Uranium Oxide		
Tons treated in leaching plant	79,000	151,500
Total yield uranium oxide (lb.)	23,979	45,038
Yield per ton treated uranium oxide (lb.)	0.304	0.297
Uranium oxide sold (lb.)	20,839	41,898
Revenue (subject to adjustment)	£114,223	£221,636
Treatment Costs	£45,219	£84,681
Service Fee paid to West Driefontein Gold Mining Company Limited	£25,004	£47,955
Profit	£44,000	£89,000
Total Working Profit	£749,680	£1,465,567
Capital Expenditure	£339,002	£554,973
Uranium Loan Instalment	£9,900	£19,800
State's Share of Profit	Nil	Nil
Taxation—Provision for six months based on estimate of total tax payable in respect of current financial year	Nil	£180,000

DEVELOPMENT	Quarter ended 31st Dec., 1960	6 months ended 31st Dec., 1960
Carbon Leader		
Footage Advanced	15,337	29,089
Footage Sampled	4,930	9,775
Payable—Footage	4,570	9,075
Per Cent	92.7	92.8
Slope Width (in.)	41.1	41.1
Inch-dwt.—Gold	584	571
Inch-lb.—Uranium oxide	12.3	11.5

NO. 2 SHAFT—During the quarter work commenced on the excavations for the shaft collar. At the end of the period under review the excavations had reached a depth of 37 feet below collar.

DIVIDEND—A dividend (No. 8) of 1s. 4.8d. per share was declared on 13th December, 1960, payable on or about 17th February, 1961.

THE LUIPAARDS VLEI ESTATE AND GOLD MINING COMPANY LIMITED. (Incorporated in England) (Head Office: Johannesburg)

PRODUCTION	Quarter ended 31st Dec., 1960	6 months ended 31st Dec., 1960
Main Reef Section		
Tons milled	201,000	405,000
Total yield ounces fine	35,279	71,131
Yield per ton milled (dwt.)	3.510	3.513
Working Revenue per ton milled	44s. 10d.	44s. 5d.
Working Expenditure per ton milled	42s. 10d.	42s. 11d.
Working Profit per ton milled	2s. 0d.	1s. 6d.
Working Revenue	£450,260	£898,973
Working Expenditure	£430,563	£868,177
Working Profit	£19,697	£30,796
Bird Reef Section		
Tons milled for gold and treated in leaching plant	150,000	306,000
Total yield gold ounces fine	4,568	9,233
Total yield uranium oxide (lb.)	187,725	371,763
Yield per ton treated—uranium oxide (lb.)	1.252	1.215
Uranium oxide sold (lb.)	171,218	355,256
Working Revenue (Subject to adjustment)	£776,041	£1,567,394
Working Expenditure:		
Mining and Milling	£423,001	£856,887
Treatment Costs	85,040	172,507
Working Profit	£508,041	£1,029,394
Total Working Profit	£287,697	£568,796
Taxation	£95,914	£191,491
Capital Expenditure	Cr. £2,733	Cr. £5,843
Uranium Loan Instalment	£88,500	£177,000

URANIUM CONTRACT—Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to these discussions. These agreements have not yet been concluded but shareholders will be advised of the new arrangements as soon as possible.

DEVELOPMENT	Quarter ended 31st Dec., 1960	6 months ended 31st Dec., 1960
Main Reef Section (Gold)		
Footage Sampled	740	1,470
Payable—Footage	290	530
Per Cent	39.2	36.1
Stope Width (in.)	44.2	41.8
Inch-dwt.	287	280
South Reef		
Footage Sampled	865	1,785
Payable—Footage	505	1,220
Per Cent	58.4	68.3
Stope Width (in.)	34.0	34.0
Inch-dwt.	241	245
Total Main Reef Section (Gold)		
Footage Advanced	7,180	14,912
Footage Sampled	2,215	4,215
Payable—Footage	1,135	2,330
Per Cent	51.2	55.3
Stope Width (in.)	38.1	36.7
Inch-dwt.	255	246

Included in the total footage sampled for the quarter is 610 feet sampled on Battery Reef, of which 340 feet, equal to 55.7 per cent, proved payable averaging 246 inch-dwt. over an estimated stoping width of 39.1 inches.

Bird Reef Section (Uranium)	Quarter ended 31st Dec., 1960	6 months ended 31st Dec., 1960
Total Bird Reef		
Footage Advanced	18,101	37,894
Footage Sampled	6,055	11,570
Payable—Footage	3,915	6,890
Per Cent	64.7	59.6
Stope Width (in.)	38.3	37.5
Inch-dwt.—Gold	57	56
Inch-lb.—Uranium Oxide	92.7	88.1

DIVIDEND—A dividend (No. 61) of 1s. 0d. per share was declared on 13th December, 1960, payable on or about 17th February, 1961.

NOTES.—The development returns of the above Mining Companies show the actual sampling results: adjustments which may be required when estimating ore reserves have not been applied. Copies of the report of Dominion Reefs (Klerksdorp) Ltd., may be obtained from the London Secretaries, 1 Broad Street Place, E.C.2, and those of the other companies from the Joint London Secretaries, 49 Moorgate, E.C.2.

VOGELSTRAISBULT GOLD MINING AREAS LIMITED.

PRODUCTION	Quarter ended 31st Dec., 1960	Year ended 31st Dec., 1960
Gold		
Tons milled	250,000	1,020,000
Total yield ounces fine	53,064	218,736
Yield per ton milled (dwt.)	4.245	4.289
Working Revenue per ton milled	54s. 3d.	54s. 1d.
Working Expenditure per ton milled	49s. 6d.	49s. 4d.
Working Profit per ton milled	4s. 9d.	4s. 9d.
Working Revenue	£677,684	£2,759,214
Working Expenditure	£617,885	£2,516,500
Working Profit	£59,799	£242,718
Uranium Oxide and Pyrite		
Tons treated in leaching plant	119,100	478,600
Total yield uranium oxide (lb.)	52,944	210,225
Yield per ton treated uranium oxide (lb.)	0.445	0.439
Uranium oxide sold (lb.)	46,929	207,360
Total pyrite produced and sold (tons)	8,503	31,759
Revenue (subject to adjustment)	£259,352	£1,089,385
Treatment Costs	101,352	445,385
Working Profit	£158,000	£644,000
Total Working Profit	£217,799	£886,714
Taxation	£33,538	£281,603
Capital Expenditure	£5,356	£4,116
Uranium Loan Instalment	£72,000	£288,000

URANIUM CONTRACT—Discussions have taken place between representatives of the South African Atomic Energy Board, the United States Atomic Energy Commission and the United Kingdom Atomic Energy Authority on new arrangements for the sale of South Africa's uranium oxide. Negotiations are now proceeding on new agreements to give effect to these discussions. These agreements have not yet been concluded, but shareholders will be advised of the new arrangements as soon as possible.

DEVELOPMENT

Main Reef	Quarter ended 31st Dec., 1960	6 months ended 31st Dec., 1960
Footage Sampled	4,670	18,505
Payable—Footage	995	4,815
Per Cent	21.3	26.0
Stope Width (in.)	41.5	40.8
Inch-dwt.—Gold	332	298
Inch-lb.—Uranium oxide		
Kimberley Reef		
Footage Sampled	3,010	13,890
Payable—Footage	1,055	3,530
Per Cent	35.0	25.4
Stope Width (in.)	43.4	43.0
Inch-dwt.—Gold	356	301
Inch-lb.—Uranium oxide	21.7	15.5
Total Development		
Footage Advanced	9,184	40,073
Footage Sampled	7,680	32,395
Payable—Footage	2,050	8,345
Per Cent	26.7	25.8
Stope Width (in.)	42.5	41.7
Inch-dwt.—Gold	344	300

ORE RESERVE AT 31st DECEMBER, 1960

Classification	Tonnage	Width (in.)	Stope dwt./ton	GOLD lb./ton	URANIUM OXIDE lb./ton
Main Reef	747,000	39.9	4.9	196	
Kimberley Reef	632,000	44.5	4.7	209	0.43
Total and Averages	1,379,000	41.9	4.8	201	19.1

REPAYMENT OF CAPITAL—A repayment of capital (No. 4) of 8.4d. per share was declared on 13th December, 1960, payable on or about 17th February, 1961.

Uranium Contracts

The quarterly announcements have made it clear that negotiations for the stretch-out and redistribution of the uranium contracts are in progress but no information is available yet as to the detailed arrangements. A statement is anticipated shortly—quite possibly before this issue is in subscribers' hands.

Meanwhile it is of interest to consider the main factors likely to affect the new agreement. It is essential to appreciate that the negotiations were initiated by the South African mining industry, mainly with a view to establishing a more rational distribution of the contracts so as to

extend the life of some of the older mines, and to extend the plant operations, if necessary at a reduced level, until such time as a substantial open market was somewhat more likely to develop. The C.D.A. was therefore in a position to press for certain concessions, mainly it is believed, in the form of a fixed, and probably on average a lower, uranium price in place of the existing system of variable prices calculated according to the costs at individual mines.

The third party to these discussions has, of course, been the South African Treasury, affected both on the basis of foreign exchange earnings and tax revenue. The foreign exchange position is already

serious and the Treasury cannot afford further losses in revenue which are not offset by overseas loans, and which in fact seem certain to form part of the final arrangement. On the question of taxation it is extremely unlikely that there would be a net loss to the State as a result of any stretch-out, but again it might be necessary to modify the budget to account for the initial losses.

Turning to individual contract holders it is virtually impossible to anticipate, in advance of the announcement, who is likely to profit most from a redistribution. On the basis that any revenue received

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from the sale of a contract would be regarded as non-mining revenue (taxable at only 6s. 0d. in the £), it is possible that on "present valuations" those mines selling a substantial contract would receive the greatest direct benefit.

As far as possible contract negotiations will be kept within each particular group, though in some cases outside agreements may have to be arranged. In any event, inter-company arrangements will be complicated by the tax question, the incidence of pyrite and sulphuric acid production, and the complexities of joint schemes.

Rand Selection's Metamorphosis

As regards finance companies, the big news of the quarter has, of course, been the announcement of plans for transforming Rand Selection Corporation into a major finance house. This company had long been tipped as the object of a takeover operation within Anglo American, but has in the event turned out instead to be the kernel around which a vast new £100,000,000 finance company is to be established in the Anglo American stable thus adding a fourth to the Anglo American-Rhoanglo-De Beers financing trio.

The primary component of this new group will now be De Beers Investment Trust, at present a subsidiary of De Beers Consolidated and the means whereby large amounts of De Beers capital were channelled into Anglo's O.F.S. gold mines while they were still capital hungry developers. However, before being absorbed by Rand Selection, D.B.I.T. is itself to be enlarged by the transference to it of the greater part of Chartered's holdings in companies in the Union, together with the entire share capital of Rand American Investments, the South African company which represents the Engelhard and International Nickel interests and which also has a substantial stake in Central Mining and Rand Mines. D.B.I.T. will acquire these interests in exchange for a share issue to these interested parties and will also make an issue to J.C.I. (presumably for cash). Subsequently Rand Selection will then itself acquire the entire share capital of D.B.I.T., having first expanded its own issued capital about fourfold to 33,085,000 5s. 0d. shares.

D.B.I.T., and in turn Rand Selection, will take over these various assets at current market prices and it is estimated that Rand Selection's net assets on a market valuation will then be something over £100,000,000, made up as to 44 per cent in gold shares, 30 per cent in mining finance, 9 per cent in copper and base metal, 8 per cent in industrials, 8 per cent in loans, property and current account and 1 per cent in coal.

At the same time, existing Rand Selection shareholders will be invited to participate in a one for ten share issue at a price still to be determined, which — if all taken up — would then give existing Rand Selection shareholders a stake of or about 25 per cent in the enlarged issued capital.

A New Investment Force

An important new investment force has thus been created in the South African market at a time when the Union is having increasingly to rely on its own resources for finding new capital. While Rand Selection will not itself seek to initiate new business, it is clear that it will be well placed, both because of its

financial strength and its connections, to participate in projects initiated by others. Moreover it is not difficult to see some of the advantages which may accrue from the proposed arrangement.

First, it is no secret that Sanlam, the large Afrikaans life assurance company, is already a substantial shareholder in Rand Selection and that after reconstruction it will be possible to say the same of Chartered and to a lesser degree of the Engelhard and Inco interests and of Central Mining, Rand Mines and J.C.I. It follows that Rand Selection, in making any future share or rights issue, would be in a position to tap a wide spread of financial interests outside the Anglo American group and, what is of greater importance, partly outside the Union.

This is a matter of considerable significance, bearing in mind Rand Selection's right to a 33½ per cent participation in any new business done by Anglo American (Anglo's new iron ore project in Swaziland provides an immediate example). It should however also be borne in mind that as approximately two-thirds of Rand Selection's enlarged capital looks like being held in one form or another by Anglo American-De Beers interests, the actual participation by outside interests in new Anglo business would in fact only amount to about 10 per cent.

Letting Out Kennecott

While on the subject of financial reconstructions, it has long been obvious that Anglo-Vaal could attempt nothing about salvaging the future of Virginia and Merriespruit until Kennecott (as the holder of debentures in the two mines together to the extent of £13,700,000 plus shares for which they probably originally paid about £3,000,000) were prepared to cut their losses and negotiate a release for some smaller sum.

This position has now been reached and the president of Kennecott Copper, Mr. C. R. Cox, has announced the sale of the Kennecott interests in Virginia and Merriespruit to a consortium led by Mr. Charles Englehard, Chairman of Rand Mines and A.S.A.I.C.

Kennecott, for their debentures at £13,700,000 and equity holdings of £2,000,000 (at par) are to receive £3,500,000 in five equal annual instalments starting December 1, 1961, together with a 20 per cent interest in any net income and capital gains of the purchasing company, subject to a maximum under this provision of £2,500,000. Under an agreement with the members of the consortium, Kennecott will have the right, after receiving the £3,500,000 to acquire, if then deemed advisable, 20 per cent of the outstanding stock of the purchasing company upon cancellation of the 20 per cent interest in its income and capital gains.

It is understood that the arrangements between the members of the consortium (viz., Anglo American, Anglo-Vaal, and the Corner House), are such that Harmony will grant to Virginia an area of 397 claims which the Johannesburg market is believed to be valuing at worth £2,500,000 to Harmony over five years. Of this area, about 300 claims lie to the north of the existing Harmony development and the remainder to the south, thus, with possibly a small sub-vertical shaft in the north, Virginia could exploit these areas to the full from existing development. The management of Merriespruit would then pass to Corner House and the mine would then probably be moth-balled until such time as the gold price increase has

become a fact, bearing in mind that the continued pumping operations at Virginia and F.S. Saaiplaas will slowly drain Merriespruit as well.

Exploration

Prospecting is probably the only truly competitive aspect of the gold mining industry and it is therefore often difficult to assess, on the information made available, the possibilities of any particular drilling programme. However, it appears that the most promising prospect areas at the moment are those associated with existing fields. The area directly north-west of Winklaak continues to be of interest, as do those held by Western Holdings and Freddie's Devels' south of the Klerksdorp mines. Both of these may well lead to new floatations in the not too distant future.

South-west of Doornfontein two drills, E.8.K. and E.8.L., are at present being sunk in order to establish the continuity of the Carbon Leader, the presence of which has already been established by the line of holes from E.9.A. to G.M.B.1.

Of the new areas, Gold Fields continue their drilling programme south of the West Wits line, but it is still early to assess the potentialities of this area. The value of 1318 inch-dwts. announced by West Wits in the borehole south east of Litanon has aroused considerable speculative interest in the V.C.R. in this area, where J.C.I. and Wit-Brick are also prospecting. Anglo American and Anglo-Vaal are independently prospecting the area west of the O.F.S. field, and nearly all of the groups are participating in one way or another in the north and west quadrant of the Vredefort dome.

State of the Industry —

Exploration apart, there is little new to add about the performance of the industry itself, which has continued on the high level of recent quarters. The value of gold production in 1960 was £268,000,000, an increase of £18,000,000 on 1959, and if labour recruitment keeps up, and the sweetener of a slightly higher gold price continues, it is perhaps not unduly optimistic to visualize a similar increase in the present year. Meanwhile, the value of uranium production, even allowing for the expected stretchouts, seems unlikely to decline by more than about £2,000,000 below last year's figure. Moreover, so far as foreign exchange earnings are concerned, this sum is likely to be made good by U.K. loans.

— And its Contribution to Financing the Union

Even more spectacular than the rise in the industry's revenue, is the rise in the government's income from tax and lease payments. In 1956 these totalled about £16,500,000. Last year they totalled £32,000,000, a figure which is expected to be doubled by 1964 and to reach the £80,000,000 mark by around 1970. The significance of these figures becomes fully apparent when compared with dividend distributions from the mines, which in 1956 totalled £28,000,000 and in 1960 amounted to around £47,500,000. Thus in the past four years taxation has doubled and will double again in the next four years while the rise in dividend distributions in the past four years has been less than 70 per cent and is fast

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flattening out, so that by 1964 the mines will probably be paying more in tax than they are in dividends.

From one point of view this may be held to be fair enough in that the State has had to wait much longer than has the investor before participating in the profits of the new post-war mines. Moreover, the present economic climate in South Africa is certainly not favourable to tax reductions.

On the other hand it must be remembered that most of the new mines will soon be paying 55 per cent to 66 per cent of their profits in taxation depending upon the grade. All other South African companies are taxed at a flat rate of 6s. 0d. in the £ or 30 per cent apart from diamond mines where the rate is 9s. 0d. or 45 per cent. There is thus at least no justification for increasing the tax revenues by higher

gold mining taxation rather than by an increase in the rates applying to other companies.

At the same time one cannot but sympathise with Dr. Busschau's plea in his annual statement to West Wits shareholders that the government should as a matter of urgency reduce "the unnecessarily heavy burden of a discriminatory rate of gold mining taxation". While it is difficult to agree with his view that a reduction in the tax rate would significantly affect the present attitude of the foreign investor towards Kaffirs, it is abundantly clear that for the time being the gold mining industry is going to have to remain largely self-financing, both in bringing its existing mines to full production and in launching possible new flotations. Thus it is surely a minimum requirement that the tax

collector should leave existing mines with enough profits both to sustain the present pattern of dividend growth and to provide essential new capital for full development. Obviously market sentiment is not going to be helped by government measures which damage existing dividend prospects.

Beyond that, however, we cannot help but feel that, if there are grounds for believing that the government's present racial policies are to be pursued to their logical conclusion, then the best interests of mining shareholders, both inside and outside the Union, seem likely to be served by diverting, whether by reinvestment or taxation, whatever profits the industry can afford into the immediately urgent projects which must form part of any boldly conceived government racial policy.

HIGHLIGHTS FROM THE QUARTERLIES

Development has begun from the Ventilation shaft at Johnnies' new Western Areas mine. Including ore passes and station lay-out work, 3,615 feet were developed on 36 and 38 levels in the December quarter. The small footages on reef provided encouraging results. On the 38 main crosscut north, V.C.R. sampling gave 771 in. dwt., and elsewhere, values ranged as high as 1,558 in. dwt. (P.21).

Values in the No. 2 shaft area at Free State Geduld were the highest since the March quarter, when 1,657 in. dwt. was achieved. This time, values were 1,618 in. dwt., with payability at almost 99 per cent. Overall, payability rose from 88.9 per cent to 93.5 per cent. (P.17).

Ore reserves showed a highly satisfactory trend at St. Helena. At 5,000,000 tons, they rose by 25 per cent in 1960, while the value of 8.0 dwt. was 0.5 dwt. higher than a year before. December quarter development, however, was unexciting. Although payability improved slightly, values fell from 770 in. dwt. to 639 in. dwt. (P.6).

The Winkelhaak report has continued to disclose good progress. Development values and payability remain little changed from quarter, but ore reserves rose by 1,100,000 tons to 2,700,000 tons, while the average value was up from 5.7 dwt. to 7.2 dwt. (P.7).

The No. 1A shaft at Leslie has reached its final depth of 2,055 feet. The No. 1 shaft had reached 1,602 feet at the end of the quarter, cutting reef at 1,487 feet below collar. The value was 224 in. dwt., closely confirming borehole indications. (P.6).

At Bracken, the No. 1 shaft intersected reef after the end of the quarter at a depth of 2,363 feet. The value of 521 in. dwt. was much as expected. It is officially stated that development on this property should begin "in the near future". (P.7).

With President Steyn continuing to pass through a difficult period, it could not be surprising to see further dividend cuts in the coming year. Capital expenditure in the coming year is estimated at £2,500,000, which is roughly equal to the mine's profit potential in 1960-61. When the New No. 3 shaft is operating, however, it may be possible for the company to pursue a less stringent dividend policy. (P.16).

One of the last acts of the Eisenhower administration was to place an embargo on the holding of gold by American citizens overseas. Reports from major trading centres, however, indicate that, as yet, there are no signs of American hedging ceasing. (P.11).

The recovery in development values at Stilfontein continues. In the December quarter, ore averaging 846 in. dwt. was developed, the highest value for two years. During the quarter, the Toni shaft reached its final depth of 4,286 feet. (P.14).

Development values at Western Holdings at 1,204 in. dwt. showed a fall compared with the previous quarter, although they were higher than those recorded in the two preceding three-month periods. Payability was better than average at 86.9 per cent. (P.17).

Lorraine gave its first taste of really good results in the December quarter. Overall values of 897 in. dwt. compared with a previous high in the past three quarters of 474 in. dwt. On the Elsburg series, values reached the exceptional figure of 931 in. dwt. (P.10).

The tempo of development from Western Deepes No. 3 shaft increased sharply, with 960 feet sampled again at only 45 feet in the September three months. Over 60 per cent proved payable, with an average value of 651 in. dwt. (P.17).

After a steady decline in recent years, ore reserves at Durban Deep showed a welcome recovery. This is one of the very few fifty-year-old mines where margins are not under severe pressure. (P.13).

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